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SUSTAINING THE FORCE: CHALLENGES TO READINESS

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BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

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SUSTAINING THE FORCE: CHALLENGES TO READINESS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON READINESS,
Washington, DC, Thursday, April 7, 2011.

The subcommittee met, pursuant to call, at 10:30 a.m. in room 2212, Rayburn House Office Building, Hon. J. Randy Forbes (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON READINESS

Mr. FORBES. I want to welcome everyone to the subcommittee's hearing on "Sustaining the Force: Challenges to Readiness." Today we have the opportunity to discuss not only the current state of our logistical and maintenance readiness, but to also look at how we are posturing the force to the future.

Joining us today are four exceptional witnesses representing the Army, Marine Corps, U.S. Transportation Command and the Defense Logistics Agency. They are Lieutenant General Mitch H. Stevenson, the Deputy Chief of Staff, Logistics, U.S. Army; Lieutenant General Frank A. Panter, Jr., Deputy Commandant, Installations and Logistics, U.S. Marine Corps; Major General Michelle D. Johnson, U.S. Air Force, Director of Strategy, Policy, Programs and Logistics, U.S. Transportation Command; and Brigadier General Lynn A. Collyar, USA, Director of Logistics Operations, Defense Logistics Agency.

These four distinguished officers are responsible for transporting, sustaining and supporting our forces, both at home and abroad. They are charged not only with ensuring our men and women have what they need when they need it, but are also responsible for ensuring we are postured to respond effectively to future real-world contingencies like we have seen recently in Haiti and Japan.

We are truly honored to have you join us today, and we are extremely grateful for all you do to keep this Nation safe. Thank you all for your service.

Our subcommittee's hearings over the last couple of months have highlighted the many potential global threats and challenges our military faces. There is no doubt that our military is under significant strain, but they are performing marvelously despite the many challenges they face.

However, the work of this subcommittee is to not only ensure our force can continue to excel in Iraq and Afghanistan, but that it also is postured to respond to a myriad of potential challenges around the world, both in the near term and in the long term.

Today the Department of Defense has more than 450,000 personnel abroad in support of our national interest. In CENTCOM [U.S. Central Command] alone, the U.S. has more than 150,000 brave men and women engaged in ongoing operations.

These complex operations are sure to present significant logistical and maintenance challenges well beyond the President's stated goal for redeployment of combat forces from the region.

I hope that this hearing will allow members to learn more about how we are meeting these current challenges, while at the same time posturing ourselves for significant challenges we are certain to face in the future.

I look forward to hearing from our witnesses.

And now I would like to recognize the gentlelady from Guam for any remarks she may have.

Ms. Bordallo.

[The prepared statement of Mr. Forbes can be found in the Appendix on page 37.]

STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS

Ms. BORDALLO. Thank you very much, Mr. Chairman. To all our witnesses today, I look forward to your testimonies.

Today we are a Nation at war, confronting threats on every continent with some 3.2 million soldiers, sailors, airmen, marines and civilian personnel deployed or stationed at 5,000 different locations worldwide.

Supporting this robust and geographically dispersed force requires the significant logistics and maintenance capabilities embodied in the organizations represented by our witnesses here today.

As we continue to draw down forces in Iraq, support troops on the ground in Afghanistan, support humanitarian missions in Japan and support efforts to attain democracy in Libya, these activities will test the ability of our military logistics enterprise to get this done right and in a timely manner.

Given the austerity of today's national budget, we must conduct these logistics operations in the most cost-effective manner that is possible. All these requirements must be fulfilled simultaneously with the best possible support of our warfighters, but also with an eye on the value to the taxpayer.

I believe that we have the ability to accomplish these daunting tasks, but it is going to take a tremendous coordinated effort with military and civilian leaders thinking outside the box to get this done right. I believe it is our role in Congress to make sure that you have the tools you need to accomplish all these requirements and fulfill your missions successfully.

I also believe that our witnesses will have to look closely at their own internal processes to make alterations that will allow for successful completion of these missions. Internal efficiencies are the quickest and sometimes the best way to accomplish the multitude of tasks that are set before you.

In particular I look forward to hearing more from the witnesses on the logistical challenges within Afghanistan and Pakistan and

options regarding use of the Northern Distribution Network to move personnel and materiel in support of our troops in Afghanistan.

Now some might say that Guam is isolated, but I have been to Afghanistan a number of times, and its geography, I believe, makes it a far more isolated location. I understand that there are significant interagency and technical challenges associated with supply chains into and out of Afghanistan.

I hope our witnesses can discuss how this system can be strengthened before the inevitable drawdown of forces in Afghanistan. Again, what can Congress do to facilitate this process and give you all of the tools that you need to succeed?

Additionally, I hope that our witnesses from the Army and Marine Corps can discuss their management of workflow at military depots across the country as the OPTEMPO [Operations Tempo] of the wars slows.

A recent congressionally directed report from LMI [the Logistics Management Institute], the government consulting on future depot maintenance requirements, highlights some transformational changes that will need to occur to keep these critical capabilities viable as more modern weapon systems are integrated into the force.

I welcome comments from our witnesses on this report and what steps are currently being taken to transform the depot business model. If you believe that adjustments are needed in the statutory framework underlying depot operations, we would also be very interested in getting your input in that regard.

So again I thank you, Mr. Chair, for this opportunity, and I look forward to the testimonies.

Mr. FORBES. Thank you for those remarks, Madeleine.

As we discussed prior to the hearing I ask unanimous consent that we dispense with the 5-minute rule for this hearing and depart from regular order so that members may ask questions during the course of the discussion. I think this will provide a round table-type forum and will enhance the dialogue on this very important issue.

Without objection, so ordered.

We begin today once again thanking all of you for your service to our country and for taking time to come here. We have your written remarks. They are going to be made a part of the record. And oftentimes in written remarks we use those to kind of validate what we are doing, and that is what we should be doing.

We want to give you each, though, about 5 minutes. You can take less, or you can take a little bit more, but to tell us from your own viewpoint what your biggest concerns are with readiness. What do we need to be looking at?

All of us on here appreciate the logistical side of this. We understand that in any fight, you know, part of the effort that we have is how long we can sustain that fight, and that comes down to something that is often not very sexy.

People don't like to really read reports about it and look at it, but it is the logistics. It is how we maintain our fleet, maintain our planes, maintain our equipment, get supplies there. The logistical

part of it determines whether we win or lose. And you guys are on the forefront of that.

You don't hear it enough, so we want to make sure corporately as a subcommittee we are telling you all thank you for what you have done in your careers and what you continue to do.

General Stevenson, if it is okay, we will start with you, since you just happened to pick the slot on that side. And if you would, I would like to recognize you for 5 minutes or how long you feel appropriate.

STATEMENT OF LTG MITCHELL H. STEVENSON, USA, DEPUTY CHIEF OF STAFF, LOGISTICS, G4, U.S. ARMY

General STEVENSON. Thank you, Chairman Forbes and Ranking Member Bordallo.

I won't take the full 5 minutes, but I did want to hit a few high points from what is in my opening remarks. The reason why we are here today is to answer the question, "Are we ready?"

And I think in just one sentence I would tell you that in my view the Army is more ready and better prepared than we have been in a long, long time, certainly in my 37 years in the Army.

And we will get even better in the coming years for a number of reasons, and I would be happy to get into that. We are on track to complete our drawdown from Iraq by the end of the year, and we are also, I think, doing reasonably well in sustaining our forces in Afghanistan, despite the challenges that Ms. Bordallo mentioned.

Here at home we are working very hard on improving ammunition readiness. I would tell you our ammunition readiness is probably the best shape it has been in since right after the Cold War. We are reconstituting our Army prepositioned stocks, probably two-thirds of the way through with that.

And we are, ma'am, as you pointed out that you had asked us to be, we are working hard to be better stewards of our taxpayer dollars. And a good example of that is the ongoing property accountability campaign we have ongoing in the Army, which will also, of course, contribute to readiness.

Just a couple of final thoughts. You have probably heard testimony from various members of the Army and other Services over this past several years that said that, you know, we are going to need dollars, appropriations to reset for 2 to 3 years after the end of combat operations, and that is still true today.

And I can, if there is time and you are interested I could walk you through why it does take that long. And it does go to why we have a lesser requirement for reset dollars in fiscal 2012 than we had in perhaps in previous years.

And lastly, you asked about our challenges. The things that probably are the biggest challenges on my scope right now are supporting dispersed unit operations in Afghanistan. It seems like every day we uncover a new challenge that we have got to work with there. That is certainly a challenge for us.

Redistributing our Army property, you know, a lot of the reasons why we don't look as ready as I believe we are is because we have got maldistributed property and a lot of good reasons for why that is, and we are on a path to get better.

And lastly, to do something about energy consumption, we have got to improve and get better at that, although if you were to compare the Services, Army energy consumption isn't as high as others. We know that we still can do better, and we want to do that.

Thank you for your support. And you have made us ready through the terrific support we have gotten over the past years. And I look forward to your questions.

[The prepared statement of General Stevenson can be found in the Appendix on page 39.]

Mr. FORBES. Thanks, General.

General Panter.

STATEMENT OF LT. GEN. FRANK A. PANTER, JR., USMC, DEPUTY COMMANDANT, INSTALLATIONS AND LOGISTICS HEADQUARTERS, U.S. MARINE CORPS

General PANTER. Chairman Forbes, Representative Bordallo, and other distinguished members, thank you for the opportunity this morning to talk about the state of equipment and material readiness in the United States Marine Corps.

On behalf of all the marines, families and our civilian marines, thank you for the unwavering support you have provided for the last 9 to 10 years as our troops have been engaged in combat.

We have a high readiness rating forward in Afghanistan. I think you know that. But that has come at a cost. Our equipment aboard our home stations has been heavily taxed, and after this almost a decade of combat operations our average readiness ratings at home stations hover around 65 percent. We have accepted that risk so we could properly support the forces forward.

We continue to globally source equipment for Afghanistan throughout the Marine Corps, and if there is additional contingency that appears on the horizon, that is the approach we take. We globally source it in the Marine Corps so we can respond appropriately.

We do have some challenges I would like to share with you this morning. One of them, much like General Stevenson mentioned, we need your support when the time comes for reset from Afghanistan. You may well know that we got out of Iraq last year. We are about to conclude the reset actions for that equipment we pulled out of Iraq.

We transferred or we swung over about 50 percent of the table of equipment from Iraq to Afghanistan, so that equipment set is in Afghanistan as we speak. And by that action, it delayed our original reset plan, but we are adjusting to that. We are consistently and constantly readjusting our reset plan.

Another issue, as I just mentioned, is the readiness rating of our home station units hovers around 65 percent. We accepted that risk early on.

Another area is the reconstitution effort beyond reset that we would ask your help for. We have learned through Iraq and Afghanistan that we—before we went into the war we were—we now know we have legacy tables of equipment. The nature of modern combat requires that we enhance these tables of equipment.

For example, comm equipment, communication equipments, we have learned that we require almost seven-fold of communication

equipment from what we have done in Iraq and Afghanistan as compared to our old table of equipment.

Lastly, one of our strategic programs, our Maritime Prepositioned Program, our MPSRON [Maritime Prepositioning Ship Squadron] commandant has instructed us, instructed me, to protect the readiness rating as much as we can with that.

Originally, we did use some of the equipment off of MPSRON for Iraq. We have since replaced that. In general, our attainment rates for MPSRON are greater than 90 percent. It is in the 95 percent area.

There is equipment in our MPF program, Maritime Preposition Force, that it does require to be modernized. And this is part of that reconstitution effort. We do run the equipment through our regular maintenance cycles to update as we can, as the equipment is available, but we would ask for your continued support to update that equipment.

In closing, and I mean this sincerely on behalf of all our marines, their families, thank you for your support. Our marines are doing—much like other service members—some great things out there in defense of this Nation. We will ensure that we are prepared to meet any additional assigned missions for future contingencies, and with your help we can.

Thank you.

[The prepared statement of General Panter can be found in the Appendix on page 51.]

Mr. FORBES. General, thank you.

General Johnson.

STATEMENT OF MAJ. GEN. MICHELLE JOHNSON, USAF, DIRECTOR, STRATEGY, POLICY, PROGRAMS AND LOGISTICS, J5/4, U.S. TRANSPORTATION COMMAND

General JOHNSON. Chairman and Ranking Member Bordallo, thank you so much for your time yesterday and for your time today.

It is an honor to be able to address this committee and to be able to represent the U.S. Transportation Command at the side of the leaders of logistics in the Army and the Marine Corps and at the side of our partner Defense Logistics Agency, because Transportation Command looks globally. We link air, sea, land transportation capabilities with the supply capabilities that DLA [Defense Logistics Agency] provides, so that we can provide a worldwide network to support our forces in all the global areas.

As you mentioned, ma'am, earlier, we are in a far-flung situation now. As the national military strategy says, more and more we will be asked to act in a complex, far-flung environment and to be able to operate indefinitely at the end of very long lines of operation and supply.

Afghanistan represents probably the longest possible line of supply you could achieve at a land-locked country with no ports. Guam has ports. At least it has access that way. So, again, that is remote there, but surrounded by the highest mountains in the world and with no infrastructure.

And so to address, if I may, just briefly, a question you actually put in your opening statement, how can we continue to support

such far-flung places and continue also to anticipate other contingencies across the globe, meanwhile focusing on Afghanistan?

And that is the stock and trade of TRANSCOM [U.S. Transportation Command]. So we try to look for options every day.

Pakistan presents challenges in its approaches to Afghanistan, so we have found access through the north, through countries that we didn't normally or used to have relationships with in the past, through Central Asia. Russia has been a very supportive partner. That route begins in the Baltics, who have been partners with us for a long time.

We have approaches through Central Asia and are therefore able to supply over 100,000 troops in Afghanistan. So distance has a tyranny to it. The volume, the sheer volume to support 100,000 forces, is a burden on the forces who have to receive that, to receive all that good and try to put it into place in the forward operating bases.

So we work together with Central Command and with the Services and, frankly, with European Command to support that theater, but also to be ready to swing our forces to where they are needed elsewhere—for instance, in Japan—to be able to pivot forces over, whether they are commercial forces—and that is who supported most immediately, our commercial air carriers, to be able to help us with the departures of family members from Japan—and to be ready in case we needed to do more than evacuation. At the direction of the PACOM [U.S. Pacific Command] commander, we could so do with surface resources perhaps, whether commercial or organic.

Our Active Duty Forces have a certain amount of resource in aircraft and ships, but if we need to mobilize the Reserves we can also mobilize the Reserves. We have many options along those lines, and we try to preserve those options, and then when activity arises in North Africa, to build a swing as well and to support European Command and AFRICOM [U.S. Africa Command] in those ways.

And so it is a constant dynamic interplay between the joint staff, TRANSCOM, DLA, the Services and the combatant commands to understand the priorities of our Nation and to be able to respond appropriately and as creatively as we possibly can.

And in so doing, we have really become an information command, if you will, to be able to convey openly what we need to do with commercial partners, interagency partners, international partners. And in so doing we do those on nonsecure networks most of the time. And so in many ways we are very vulnerable on the cyber security front.

And so, if I would say, there are challenges, that we face—challenges of distance, challenges of relationships internationally—and we will appreciate Congress' understanding of our new relationships with countries with whom we haven't dealt as much before.

And also on the cyber front, I know this committee has been very interested in defense industrial base. And one aspect of that is the membership of defense industrial base and the cyber activities of Department of Defense to be able to share challenges and to understand that the weak point in any one of our partners is therefore the weak part of the system. So if a "mal-actor" [malicious actor] wanted to get into the system through a cleared defense contractor,

it could affect the entire program. So the more partnerships we have with the commercial sector on all fronts, the better.

So again I look forward to the discussion. I value and treasure the opportunity to speak to you today and the opportunity to represent the over 150,000 members of the United States Transportation Command from all the Services, as well as commercial partners and the Merchant Marines.

Thank you for very kindly.

[The prepared statement of General Johnson can be found in the Appendix on page 63.]

Mr. FORBES. Thank you, General.

General Collyar.

STATEMENT OF BG LYNN A. COLLYAR, USA, DIRECTOR, LOGISTICS OPERATIONS, DEFENSE LOGISTICS AGENCY

General COLLYAR. Chairman Forbes, Ms. Bordallo, it is my privilege also to speak to you today. I am representing the 27,000 men and women of the Defense Logistics Agency.

As the director of logistics operations, I would like to tell you we are primarily a civilian organization. About 25,000 of those personnel are civilians, just over 500 Active Duty military and about 750 Reserve military, and as such relatively small compared to our service counterparts and again our transportation, USTRANSCOM, partner.

We are a critical part of the supply chain, though, as we are represented in both overseas areas and throughout CONUS [continental United States], supporting the industrial base. We have personnel in 48 of the 50 states and about 28 countries overseas.

On a daily basis we supply about 55,000 requisitions in support of the Services and execute over 10,000 different contracts, many through automated means, but over 10,000 contracts per day.

And we do that to support approximately 1,900 weapon systems whether it be aviation, land or maritime. And we supply about 85 percent of those parts along with approximately almost 100 percent of the food, fuel and other commodities that the Services need.

We are funded through the working capital fund, which means that the Services pay for our support. And, therefore, it is very, very important that we optimize both the effectiveness of what we do, but balance that with efficiency. And I think we have continually tried to execute that overseas.

We now operate 26 depots around the world. We have increased that number over the last few years as we have added depots in Kuwait supporting the Iraq campaign, in Kandahar, Afghanistan, supporting there. That allows us to move things, the slow, low-dollar items by surface and take them out of the air supply chain.

In my written statement I provided a relatively comprehensive look, but we provide primarily Class 1 and Class 3 food and fuel to the forces through prime vendors. Along with our ability to stretch those, we have worldwide contracts with an extensive vendor base in most all commodities that allows us to support not only the present theater, but any of the contingency operations that we are also supporting.

You have heard the challenges, and you have seen the challenges in Afghanistan, the land-locked country, infrastructure being one of the key things that we have had overcome.

And, again, working with all of our partners, we have really balanced it or tried to balance what we provide through the PAK GLOC [Pakistani ground lines of communication] with the NDN [Northern Distribution Network] and with other multi-modal means of providing as much of the transportation by ship and then flying in the last leg of that, minimizing that air requirement as much as we can, along with setting up those depots which have allowed us to support directly from the AOR [Area of Responsibility] instead of having items come from the United States.

I would like to just close by saying although we only have 27,000 people, we presently have a continued increase in mission in Iraq specifically with disposition in our disposition yards as the drawdown takes place.

With some of our dwell issues with the military personnel and the limited military, we have had over 800 volunteers throughout the agency to deploy to the AOR within just the last 3 weeks. So it speaks volumes for the morale and the desire to support all of our personnel along with that of our Services.

And we have the capability to support not only a change of forces in Iraq as we continue to draw down, but also we will support the transition to the Department of State through several commodities.

I look forward to your questions. Thank you.

[The prepared statement of General Collyar can be found in the Appendix on page 70.]

Mr. FORBES. General, thank you.

I want to begin by focusing on a word that General Johnson used, which is partnership. And one of the things that Ms. Bordallo and I were just talking about is how much we appreciate—we talked about your service, but also your willingness to come in here and view this as a partnership.

Each of you did what we asked you to do. You gave us a written statement, but then you didn't come in here with prepared, with canned remarks. You talked to us. And that is what we want this to be today is a dialogue to get that information out. We were talking, as you were talking, about how encouraging that is that we can have that dialogue and have that partnership.

But also this is, as I have told each of you privately, probably one of the most bipartisan committees or subcommittees, I think, in Congress. We like each other, work very well together, so got kind of two partnerships going here, Republicans and Democrats, and we have the Department of Defense and we have Congress. And I think if we do that, there is no end to what we can really accomplish. So we thank you for that.

And the other thing I want to tell you just logistically, as we talked about earlier, we do something a little bit different. So if one of our members are asking a question and another member has kind of a follow-up on that, we will let them go ahead and ask that follow-up. And the ranking member has given me some discretion in doing that. We won't allow it to run on, but we just allow that so we can have a fruitful discussion.

I am going to hold my questions until the end, so we can get all of our members' questions in. And I would like to now recognize our ranking member, the gentlelady from Guam, for any questions she may have.

Ms. BORDALLO. Thank you. Thank you very much.

And I want to echo the remarks of the chairman. I felt when you speak to us just from your heart and not from a written statement, I think it is much more meaningful.

I think you covered some of this, but I would like to ask the question for any of our witnesses. During the March 2010 hearing before the House Appropriations Committee Defense Subcommittee, GAO [Government Accountability Office] identified several challenges, and I think you mentioned these, in distributing supplies and equipment to U.S. forces in Afghanistan.

Now, these challenges included difficulties with transporting cargo through neighboring countries, limited airfield infrastructure within Afghanistan, lack of full visibility over supply and equipment movements into and around Afghanistan, lack of coordination, as well as competing logistics priorities in a coalition environment, uncertain requirements and low transportation priority for contractors.

Now, given all these challenges, what does it look like today? And is there any one of these that stand out?

What steps have been taken to mitigate some of these challenges? And what metrics are being used to gauge the effectiveness of the supply chain and the distribution processes in delivering required material to deployed forces in Afghanistan?

I guess whichever want to be would like to answer that?

Admiral.

General STEVENSON. There are quite a few challenges, ma'am, in your statement there. Let me just hit a few high points and then I would ask the others, particularly General Johnson, who is, in large measure, the one helping us overcome these challenges.

We know that it is difficult to get into and out of Afghanistan. So one of the things that we have done in the Army is we have told units, when you get in there and it is time for you to be replaced leave your equipment there. The new unit will fall in on top of it. You go home to the United States, and we will get you replacement equipment.

Sounds real easy, rolls right off the tongue. It is a little tough to do. But it does keep equipment off the roads, and therefore not subject to pilferage and not subject to the limited road networks and air networks that we have there. So that is one thing we have done to mitigate.

Another is to just limit the amount of things that units take over there with them. You know, when you deploy to a place like that and you are going to fight, the tendency is to take everything you could possibly think you might need in the next year. And it ends up being hundreds of containers.

And we have had to step in with units and say, "Look, you know, have some confidence in the supply chain. When you develop a need there, we will get it to you, but don't try to deploy with, you know, a thousand containers in a brigade, for example."

And so our forces commanders put out some very deliberate guidance about that, and that is helping mitigate, because if you reduce the amount of stuff that has got to flow through the soda straw, then it flows easier.

We have added in-transit visibility. Starting this summer, we are going to add satellite tagging to that equipment which must transit on the ground. We don't put anything on the ground that we care about. No ammunition goes on the ground. No sensitive material goes on the ground. That all flies in.

But that which has to go on the ground, we are going to put satellite tags on it so that we can have real-time visibility as to where this cargo is. If it stops at a place it shouldn't stop, we will know immediately, or nearly immediately, and then can take appropriate action.

And I could keep going but I would rather let General Johnson talk a little bit about what TRANSCOM is doing.

Ms. BORDALLO. And what you mentioned then has been quite successful?

General STEVENSON. I would say reasonably successful. I don't want to overstate how successful we are. We have been challenged. We have had pilferage.

Ms. BORDALLO. That is right.

General STEVENSON. But reasonably successful, I think.

Ms. BORDALLO. Anyone else like to comment?

General JOHNSON. Yes, ma'am, if I could. I appreciate General Stevenson's noting the actions the Army has taken itself to provide discipline in the process.

One of the things that we can benefit from being a very wealthy country is to have a logistical tail, but sometimes it can a burden in the sheer volume, and so I really respect the way the Army is managing their massive force. It is a lot of need for 100,000 people in-theater.

So as he pointed out, we fly in sensitive lethal equipment as we can, and so, that is able to keep things off the road and keep it safe. We also airdrop in an increasingly amount. Last year we dropped over 60 million tons of equipment via airdrop, often to very remote forward operating bases.

And we are trying to be creative so that we don't have to have very expensive equipment that we need to recover later. In fact, we take low-cost, low-altitude chutes, parachutes that are maybe reused from some other purpose and drop it in a really low level at very low speed so that troops don't have to subject themselves to harm in a hazardous environment of a forward operating base, and they can still get the equipment that they need or the medicine or the food or the water that they need.

This year we anticipate 100 million tons of equipment airdropped. Again, it is more secure, it is more accurate, it is more safe for all concerned. So we have taken that effort.

The pilferage General Stevenson alludes to exists, you know, and probably, in all fairness, any of us could look at our own home states or any place with human beings involved. There might be some, but obviously we don't want to lose anything on our lines of communication to theater.

One percent is what we are showing. We think that is a fairly accurate figure but 1 percent of 8,000 to 9,000 containers at any given day is dozens, and if it is yours you don't want to lose it. And by containers we mean the back of a semi-trailer truck size of container that we are talking.

On the Northern Distribution Net, we have put more and more of our volume as we can to try to reduce the risk in Pakistan. So we have upwards of 10,000 to 12,000 containers en route from the Northern Distribution Net at any given day, and it has been a very secure route. There have been really nil pilferage issues, and the attacks have been nonexistent as well.

And, well, we watch that with great concern. And our intelligence community actually has turned their eyes to these routes as well, because logistics do matter. Logistics are a great asymmetric advantage for our country, and we know that.

So, intermodally, I really appreciate my colleague, General Collyar, mentioned intermodal options. What does that mean?

For instance, MRAP [Mine Resistant Ambush Protected vehicle], all-terrain vehicles—you may be familiar with M–ATVs [MRAP All-Terrain Vehicles]—we needed to deliver upwards of 7,000 to 8,000 of them in a short amount of time over the last year.

And to fly them in from the United States after Oshkosh builds them and delivers them to Charleston, South Carolina, and to fly them four or five at a time on an airplane is prohibitively expensive.

But actually to load maybe 300 of them on a ship—and some of these large ships can hold 200 to 400 C–17 [Boeing Globemaster III tactical airlifter] loads—and then send them to a port, maybe in the vicinity, perhaps Bahrain or Oman, and then shuttle the airplanes in a shorter distance—less fuel is required, they can carry more vehicles—we are saving $110 million per thousand M–ATVs delivered.

So, again, we are trying to use good business practices, be good stewards of tax dollars and support the warfighter foremost. And so we are nearly finished. We are nearly complete this month. We will have delivered over 7,000 of those vehicles. And there are other vehicles in the works and heavy trailers that we are delivering that way.

We have used this method elsewhere. And Rota, Spain, is an important place. And it illustrates how important one COCOM [Combatant Command] can be to another, that bases in Europe are actually very important for Central Command from the transportation point of view.

If we send shiploads of helicopters to Rota, Spain, and then shuttle on heavy aircraft into Afghanistan, it is efficient, it is effective. Most importantly, it supports the warfighter, but also saves tax dollars as we go.

So those are the kinds of creative ways we are trying to work around the challenges that we have.

And I will finish up with the in-transit visibility work. You know, in business, obviously, there is, you know, tagging. Some of our foremost companies take advantage of these operations. But it is just not the physical device that goes on the container that senses

the location of the device. There is a process that is required for this volume of material coming.

And so to the credit of the forces on the ground in Central Command and my counterparts in the logistics community in the Central Command, they have taken into account how best to track the inputs from all those data. There is no shortage of data, but how to manage that, make it useful and have the soldiers and the marines and the airmen and the sailors on the ground in Afghanistan be able to track the things they are bringing in.

And they have also started maintaining cargo yards, so that trucks aren't lined up on the roads and vulnerable to attack. And our commercial partners have helped orchestrate that as well. And DLA is helping us work in those lines, too.

So this is very much a team effort to know what we have, to track what we have and to have only what the folks on the ground really need.

Ms. BORDALLO. Thank you, General.

I have a quick follow up to General Stevenson. What about the second order effect of theater-provided equipment not being returned to the United States for training or equipment that may have been pulled out of the Reserve units? How is the Army meeting this challenge?

General STEVENSON. Yes, ma'am, that is a very good point. And that is sort of what I alluded to in my opening remarks about maldistributed equipment.

Equipment that we told to stay there in Afghanistan becomes what we refer to as theater-provided equipment. It is not part of any unit table of organization and equipment, like General Panter referred to. And so somebody else is doing without because that equipment is sitting there. So that is an impact.

Another impact is because we have decided to leave that material there and let units rotate on top of it, it has interrupted what we had planned to do in our depots. And so there has been a workload impact.

And then, lastly, if you leave unit in country for multiple rotations, there is a point at which if you have got to take it down and apply some heavy-duty maintenance to it—you know, when you have got a unit going in, they only stay a year, they come out, it is generally not a problem. We will get it reset and ready for the next operation.

But when that equipment stays for multiple rotations, there is a point at which you have just got to say time out. We got to put that equipment into some sort of maintenance facility. And we are building one in Kandahar now to help us do that.

Ms. BORDALLO. General, do you ever sell equipment to the Afghan military, I mean, you know, where they are training them and so forth? I mean, is there something like that?

General STEVENSON. We do. There are a number of ways by which we transfer equipment to the Afghans. One is what is called sale from stock. There isn't much of that going on.

The Congress authorized us to provide equipment that was excess to our needs to them, I think it was in fiscal year 2010 in the authorization bill. And so as a result of that, we have been transferring some equipment to them.

And then, lastly, there is foreign military sales. This actually ends up being grant money provided by the United States, appropriated by the Congress, that we have people—Army and other service people in-country—helping to build their military and decide what they need. You know, as you know, we are building the Afghan army up into several hundred thousand Afghan soldiers.

Ms. BORDALLO. That is right.

General STEVENSON. They all need rifles. They all need radios. And they all need transport. And all that stuff is being bought as part of that foreign military sales effort.

Ms. BORDALLO. Mr. Chairman, on my last trip to Afghanistan with a CODEL [Congressional Delegation], we all received desert boots as a gift, made in Afghanistan. So I understand they are now making their own uniforms. Is that a true comment?

General STEVENSON. Ma'am, it wouldn't surprise me, and it would be a good thing if they are.

Ms. BORDALLO. Thank you.

Thank you, Mr. Chairman. I yield back.

Mr. FORBES. The next question will come from our gentleman from New Jersey. But before he does, the gentleman from New York had a quick follow-up question to Ms. Bordallo's questions.

Mr. Gibson.

Mr. GIBSON. I thank the chairman and the ranking member.

And I thank the panelists.

With regard to movement of logistics in-theater, my question has to do with are we confident we have learned from the lessons from Iraq as far as rearward movement? The President has laid down the marker to begin the drawdown this year and to complete combat operations by 2014.

And please give me some assurances that—because it was Herculean work that was done to move that—how are we applying those lessons and how that might impact reset operations at the completion.

General PANTER. If I may, since we are out of Iraq, and we had some pretty good lessons learned coming out of Iraq and we thought we had a fairly successful drawdown plan, some of this is basic leadership.

For example, the commander we had on the ground at the time told his subordinate commanders they can't go home until they account for all of their equipment. That got everybody's attention to the degree that we had a 110 percent turn-in as we were getting out of Iraq.

[Laughter.]

Now, that says something about our legacy accounting systems, which is a different issue that we are working in trying to solve, and one of those solutions will be MCCS [Marine Corps Community Services] Marine Corps, our future logistical information backbone.

So the commander told everyone of the equipment accountability.

The second thing was early decisions. Now, we took some risk early on, but they proved to be right. Without knowing the political dimensions or the decisions that might be made related to a timeline for a drawdown, the commanders made the decision to pull 10 percent of the equipment off your forward operating bases to try and get ahead of the game. And that proved to be successful

in that we had a sense that we had maybe too much equipment forward.

So, again, the leadership came in play there. I have to admit though that we were lucky in that we were not having to compete with our Army friends as we were coming out of Iraq. Thus, the competition for the LOCs [Lines of Communication] and the strategic airflow diminished. The transportation that TRANSCOM provided to get us out of country was tremendous.

Those lessons learned like that we immediately captured after our withdrawal from Iraq. And we have already started planning for when the time comes for Afghanistan not to repeat any bad practices, but to use some of the good practices that we learned from that.

Mr. FORBES. Thank you, General.

The gentleman from New Jersey, Mr. Runyan, is recognized for 5 minutes.

General STEVENSON. Sir, I just want to do a quick follow-up.

Mr. FORBES. Sorry, General, go ahead. I apologize.

General STEVENSON. You heard General Johnson refer to the Northern Distribution Network. It is going to be key that that Northern Distribution Network allows movement of what is referred to as lethal cargo.

You know, today, we can only move non-lethal cargo on that network. Fully 60 percent of our materiel flows in through the Northern Distribution Network today, but it is only non-lethal stuff. It is food. It is fuel. It is water. It is construction materials.

In order to do a withdrawal, an orderly withdrawal out of Afghanistan, we are going to need to—and TRANSCOM is working on it; perhaps General Johnson can talk about it—we are going to need to be able to go out through the north as well from the south.

General JOHNSON. Sir, if I may?

Mr. FORBES. Yes.

General JOHNSON. Absolutely to the point, one of the points of fragility in the Northern Distribution Network is that each of our transit agreements is bilateral. It is individual per country in this chain and series of each country. And it is one way right now.

And for many reasons, these countries have long memories of what happened in Afghanistan, you know, a couple of decades ago and are very nervous about the security on their southern borders. So we do not currently have permission from all the countries to be able to come out, whether just to rotate forces or to eventually move out.

And even for—we are working with our NATO [North Atlantic Treaty Organization] partners as well because some of their units are obviously based on Europe. They would like to be able to rotate that way.

So these are the kinds of agreements that the State Department is helping us with in each country team to try to find a way for us not just to rotate units but eventually to build a plan to move in and out with unlimited equipment. But right now, it is very restricted.

Mr. GIBSON. Well, it is encouraging that you at least have identified the challenges and you are working to in a joint way incor-

porate the lessons. I think that is going to make us stronger, as we look towards the reset. Thanks.

Mr. FORBES. Mr. Runyan.

Mr. RUNYAN. Thank you, Mr. Chairman.

And I thank all of you for your testimony and your service to our country.

General Stevenson, you mentioned it in your opening statement that, you know, as we move to a reset, which you said typically takes 2 to 3 years, you have a lesser ask in your fiscal year 2012 budget. I just wanted you to elaborate on that a little bit.

General STEVENSON. Yes, sir, the amount next year, I believe, is somewhere around $4.5 billion for a reset for the Army. And that is considerably less than it has been in previous years.

Two big reasons for that. One is timing, that is, when the stuff that is in Iraq is going to be put into maintenance. And the other is the type of stuff that is coming out of Iraq.

We have virtually no combat vehicles left, no tanks, no Bradley Fighting Vehicles, no M113 personnel carriers, no self-propelled howitzers. There are some, but not very large numbers. And those are the big dollar drivers for a reset for the Army. But mostly what we have in Iraq today is MRAPs. And they are not nearly as expensive to reset as a tank or a Bradley.

But back to the timing issue, if you just consider when we are going to be coming out, and if you look—and you perhaps haven't had a chance to see the plan yet, because it is still coming together—but the plan has the 50,000 forces that are there are coming out mostly in the fall of this year, which means they will end up in Kuwait somewhere around the turn of the year.

And by the time we get them on a ship and back to the continental United States and then off to a source of repair, it will be the third quarter when they finally land there. And then they have got to be inducted into a maintenance program. Our depots typically plan their work a year in advance, so most of them probably won't induct until fiscal 2013.

And that is why it is a timing thing. You will see our 2013 request will account for all of that.

Mr. RUNYAN. Well, thank you.

And as we are talking budgets, General Johnson, you know, moving all this equipment, and I think we all feel it in our lives every day, the price of fuel around the world is drastically affecting your ability and your budget constraints. Can you comment on that?

General JOHNSON. Yes, sir. In the short run, obviously, we probably are the greatest consumer of fuel in the Department of Defense with our Air Mobility Command component. So Air Mobility Command has undertaken some fuel efficiency efforts before this current change in the fuel price, because we know we need a smaller carbon footprint and to be good stewards of money.

And so what they have done is invested in some fuel planning types of software programs and in a way of conducting flights that the commercial industry has taken on in the past and has achieved already 5 to 10 percent of savings in the fuel use. And, as well, we are trying to find ways to avoid using air when we can. That is why the surface alternative is a better one.

And when you factor in all costs, including fuel, if, for instance, it costs, say, 30 cents a pound to send something via ship and land, it costs 10 times that. It costs $3 a pound to do it by fixed wing air. Rotary air is 20 times.

And so if we can find some way to get that cost closer to what it would be on a ship or a truck, the way business does to reduce their costs as well, that is what we are trying to do.

There are obviously some efforts with alternative fuels that we have explored. The Air Force has explored using various—whether it is from coal or other alternative fuels in engines to see if that might work, there needs to be a larger, obviously, market for that for us to be part of it as we go.

And then we have a very small R&D [Research & Development] budget at TRANSCOM. We try to come up with ways, whether it is low-cost, low-altitude parachutes or look at other crafts to see if there is another way to deliver logistics cheaper, maybe from unmanned vehicles.

We are actually looking at a new generation of air ships, sort of blimps, if you will, to be, you know, sort of faster ships. They are not slow airplanes. They are really faster ships.

And there may be a business case for that in austere environments, especially for humanitarian assistance, to be able to use large amounts of equipment for a very little bit of fuel and without having, you know, port facilities or an elaborate airfield, to able to do it simply and have some benefit from what is old is new and look at those ways and try to be more creative in how we deliver.

Mr. RUNYAN. Thank you very much.

Mr. Chairman, I yield back.

General COLLYAR. Can I add something to that statement please?

Mr. FORBES. Please, General.

General COLLYAR. At Defense Logistics Agency, we provide all of the fuel for the Services. And today that is about 70 million gallons a month. So the quantity is very, very significant and we are looking at all possible mitigation strategies.

The key to the keeping the fuel cost down, though is we do have long-term contracts. There is an extensive vendor base throughout the world. We provide fuel to a specific location on the ground at a specified price delivered, FOB [Forward Operating Base] destination, which is right now just over $3 a gallon.

We adjust that price to the Services about every 6 months based on actual cost so that we can, again, try to mitigate the continuous fluctuations of day-to-day pricing. But our long-term contracts and the significant buying power we have across the world lets us buy at a relatively low cost. That final delivery that Michelle talked about is very, very significant in that, though.

Mr. FORBES. Thank you, gentlemen.

Mr. Ryan has a quick follow-up question before we go to the gentleman from Texas.

Mr. RYAN. Yes. Thanks, Mr. Chairman.

General, I guess either of you can answer this. Last year I was on the Defense Appropriations Subcommittee, and we were talking a lot about how much it actually costs to get a gallon of fuel from wherever it originates to somewhere in Iraq or Afghanistan, if you can just enlighten us on that?

General COLLYAR. There is a lot of myth and legend about the fully burdened cost of fuel. The Defense Logistics Agency today, the cost of fuel anywhere in the world is $3.03. That is with our delivery to a FOB. And in Afghanistan, we are delivering to about 14 different locations. And that is the cost to deliver to there.

Now, there is a challenge that I can't answer how much it costs for a Service to take it from there to another FOB out of the 200-plus locations that they may have to deliver to, but the cost of basic delivery to the large locations that we support in supply is $3 a gallon.

Mr. FORBES. The gentlelady from Hawaii had a quick follow up to that.

Ms. HANABUSA. Hello, General. Somehow it doesn't seem to logically follow that it would be $3.03 cents to wherever we want to send it. I mean, isn't there some logistical advantages to be in a particular location, or, more importantly, shouldn't there be an advantage, if you are going to a shorter distance that you wouldn't be paying $3.03 cents, whether you are going to Afghanistan or, say, Hawaii.

I mean, you know, there should be some—it just logically seems there should be some kind of advantage to that.

General COLLYAR. There are advantages. Again, the average cost, which is what we charge per gallon to the Services, is averaged across all of that worldwide fuel requirement. And that is it is cheaper to certain locations, but they pay an average price.

But in Afghanistan today our contract, again, we get fuel based on a worldwide vendor network from that area. So I know there are no refineries in Afghanistan itself, but we get fuel from Pakistan and certain types that they provide, JP–8 [Jet Propellant 8 jet fuel]. And then we provide also through India and through the Northern Distribution Network.

Mr. FORBES. General, I think what the gentlelady from Hawaii is asking—maybe you can get back to us on the record on this—is we understand that you may average it all out and charge a single price. But I think her question is, do we ever get a breakout and see how much it is actually costing to have different areas geographically, because there is a differentiation in cost.

And I understand you don't have those figures today, but if you could get back to us with those.

[The information referred to can be found in the Appendix on page 85.]

Mr. FORBES. I think Mr. Runyan, you hit a nerve because the gentlelady from Missouri also has a question on that, if we can briefly.

Mrs. HARTZLER. Thank you. Just a real quick question, and I think you may have partially answered it. I was wondering where the fuel is originating that we are using in Afghanistan. So you said part of it is from Pakistan. I just wondered how much are we buying and depending on Russia for a lot of that fuel.

General COLLYAR. Ma'am, we get a portion from Pakistan. There is a portion of it that is provided through Russia. We get it through multiple different routes. The NDN provides about five or six different countries through the Caucasus and across that we provide fuel from.

Again, our goal is to have it from as many locations as possible to ensure your vendor base is solid.

Mrs. HARTZLER. Yes. I am a little nervous about depending too much on any one of those people you have mentioned at this point. I think that makes sense.

Thank you.

Ms. BORDALLO. I have a quick follow up also. Did you get your—what is the length of the contracts? You said "lengthy." Somebody mentioned lengthy contracts. I just hope we are not tied into contracts for too long a period.

General COLLYAR. Ma'am, the average contract right now is based on either a 12-month or it could be an 18-month contract with options available to us.

Ms. BORDALLO. Oh, well, that is not so bad. I was thinking years.

Mr. FORBES. And if you will bear with us, we have three votes. We are going to try to get one more question in. But if you will just be patient, we will run over and vote and then come back.

The gentleman from Texas.

Mr. REYES. Thank you, Mr. Chairman.

And thank you all for the great work that you are doing and for your service.

My question deals with—and I know contractors have been mentioned here several times, but my question deals with our reliance on contractors worldwide and in particular in areas like the Middle East and in combat situations.

According to our figures, last year we spent more than $200 billion on contractor support. Many of these contractors, I know, fulfill vital logistics roles, and, as has been noted, fuel is only one of them, but also maintenance and dining facilities contracts.

And the concern that I have is that we may be losing our ability to have our own in-house system of being able to take care of these kinds of issues. I know that in an asymmetrical low-intensity conflict, the use of contractors has been an option—some would argue not a good option, but an option nonetheless.

But my concern is that with this reliance, is the military relying too much on contractors? And can we still have the capability to do these kinds of tasks, you know, I guess organically for lack of a better way to describe it?

So in the event of a high-intensity conflict, do our military capabilities, will they be able to fulfill these kinds of requirements? Because we all know that not only do we have the finest military in the world, in the history of the world, but what differentiates us many times from others is the logistical capabilities that we bring to the fight.

So can anybody address that?

General STEVENSON. Yes, sir. I would take a first shot at it. This is something I spend a lot of my time thinking about, concerned about and examining as we structure the Army.

You know, we go through a very deliberate process to structure the Army. We run that cycle every 2 years and are about to start running it every year. The short answer of your question is I am not concerned. I think we are okay.

In the specific case of food service that you mentioned, we designed the Army to be able to do what we call field feeding, MREs

[Meals, Ready-To-Eat], and something called a heat-and-serve ration. We don't have enough cooks to do the kind of food service operations that you might see in a garrison dining facility, because we just don't think we need that for wartime.

When we get into a position, like we are today, where we are in a sort of a benign environment where you can use contractors and you can set up a dining facility and provide a soldier what we call an A-ration meal, great. And we will do that with contractors.

But when we get into an area where we are fighting or we are in major combat operations, or at these combat outposts that you see in Afghanistan, that is all soldiers. That is not contractors.

General PANTER. If I may, just to jump on with General Stevenson's comment, the expeditionary nature of the Marine Corps, early on in any conflict, we do maintain and we have this capability, the organic capability you speak of, sir. That is there. We have our appropriate logistics unit to do this organic piece that you speak of.

As General Stevenson says, as the theater matures and it gets more stable, I think that is where you see the larger influx of contractors, getting to the issue you speak about.

General JOHNSON. Sir, at the other end of the spectrum of the contracting, TRANSCOM obviously works in partnership with U.S. flag fleets and the commercial reserve air fleet and also the sealift fleet.

And those carriers are worldwide carriers. They are very reputable, and they have networks to help us have economic and transit access in different countries. And also they provide this surge capability for us that day in and day out would be prohibitively expensive for the taxpayer to support, but our organic fleet can do it.

But having that surge capability and knowing if we really needed it, it would be there, that relationship is tremendously important. And then, obviously, there is a concurrent benefit to the flag fleet, the prosperity of the merchant mariners and the ports that support them and that whole dynamic that goes along with the U.S. flag fleet.

So that is TRANSCOM's end. And we appreciate the partnership. But we can handle it with the organic fleet as well.

Mr. FORBES. And if you have any other comments, we will finish these when we come back. But we need to adjourn now, or recess now for an opportunity to vote.

We will be back after three votes. Thank you.

[Recess.]

Mr. FORBES. Thank you for your patience, and we hope some of our members will make it back. We know that today is an interesting day. As you all know, we are talking about budgets, and they all impact all of you significantly as well. So we don't know what our scheduling is going to be in terms of our members.

But I want to pick up where Mr. Reyes left off when we asked about the concern with contractors. And I think all of you indicated that our contractors are an essential part of what you do. And would you not agree that without our contractors, we simply couldn't do that jobs that we need to do?

I think, General Stevenson, your comment was that you thought we had it under control, and it was right. And is that pretty much

consistently what the panel feels in terms of our contractor mix with what we are doing?

Anybody disagree with that, to do it?

The other question I wanted to ask while we are waiting for some of our other members to come back is the prepositioned stocks. I know some of you have talked about some of our reductions in that. And that is a concern that we have heard voiced in our subcommittee in past hearings.

Can you tell us what the impacts of some of those reductions might be on you? And are we kind of at the right place there? Or is that something we need to look at to change?

General.

General STEVENSON. Sir, there aren't any reductions been decided upon yet. There is discussion about whether or not the size of the afloat prepositioned stocks, both Army and Marine Corps, is too big. But we are probably at least, I would say, 6 to 9 months away from recommendations and decisions about that.

But beyond that, there is no plan to reduce. In fact, we are actively working to rebuild our prepositioned stocks in accordance with something we call APS, Army prepositioned stocks 2015. And we are well on our way. I would say we are probably two-thirds of the way there toward rebuilding. But any reductions we are not even close to a decision on it.

Mr. FORBES. General Panter, I know one of the things we have seen is the Navy's budget has included an initiative that projects about $4.2 billion in savings by, among other things, restructuring its prepositioned ship squadrons.

In your opinion, what are the impacts of readiness of moving this capability to a reduced status?

General PANTER. Sir, that reduced status issue, the Marine Corps does have a concern over it. That particular squadron supports EUCOM [U.S. European Command] and AFRICOM, and we routinely use that in theater engagement and for training exercises. I would suspect the two COCOMs involved also have a concern over that as well.

And getting back to General Stevenson's comment, we think what we have right now is aligned properly with the requirements of the COCOM commanders.

Now, the issue I earlier brought up, that equipment, while we have some critical shortfalls, in general the readiness ratings are pretty high. We do need to refresh it from the lessons learned in combat.

Thank you.

Mr. FORBES. General Johnson, I know that TRANSCOM structures its force and how prepositioned stocks are factored in. How would reductions in prepositioned stocks affect your ability to meet your requirements?

General JOHNSON. Sir, we are actually in the midst right now of studying the as-is state of prepositioned materials to see if, in partnership with DLA, if TRANSCOM and DLA could possibly be even more effective in delivering what is there.

We don't have a vote in what the content is. Because the Services are having the opportunity now to reset and to reconstitute their "pre-po" [prepositioned materials], the Department saw this as an

opportune time to take a look at how it is arrayed, to see if we have learned anything about distribution in the last 10 years or so, to see where they are and in what medium, whether they are afloat or ashore, if they can be presented even better than they are.

Because now, it has been deemed, as the general said, effective that they can respond to the plans that they are aligned for. We just want to see if we can do better. But that study is literally just completing the very first phase to assess what we have.

And those are things that we are trying to take account of, of being good stewards of how much it costs to move things and store them, but most importantly to build a support to the warfighters in their efforts.

Mr. FORBES. General——

General STEVENSON. [Off mike.]

Mr. FORBES. I am sorry. Yes.

General STEVENSON. Chairman, if I could follow up?

Mr. FORBES. Sure.

General STEVENSON. Something that we have done, and this was done internal to the Army, given what DLA has done in the last 10 years in terms of forward-positioned depots—and General Collyar alluded to that—we used to have in our afloat set two large container ships, which we spent probably $40 million, $50 million per year each to maintain afloat sustainment stocks.

Because of the nature of DLA's distribution of their depots around the world, we believe now that we can position our materiel in those depots on land and have them in the right places to meet all of the potential contingencies and won't need those sustainment ships, those two container ships that we would contract for as part of the afloat stock.

So there is an example of how we are working with the Defense Logistics Agency to come up with a cheaper way to achieve the same end.

Mr. FORBES. And General Panter, I know that you may have a little disagreement with how the Marine Corps views that, as opposed to the Army. What is your thought there?

General PANTER. We approach it a little differently, sir. I think you realize when we load our ships out, these are capability ships. And the expectations are that the equipment that we put on these ships can support the war fight in the initial stages of the war fight.

As we run these things through our maintenance cycle, we pay particular attention on how we would load these ships so they can achieve that mission. So, for us, it is not considered a floating warehouse. It is capability—warfighting capability—that we can project for.

Mr. FORBES. And that is something we have just got to keep our eyes on that ball and not miss that.

General Collyar, in our supply chains now, if you had to point out, do we have any key single points of failure? And maybe the flip side of that, are there places where we have too much redundancy?

General COLLYAR. Sir, many of the commodities, the big commodities of food and fuel, we are such a small portion—and in medical

also—a small portion of the overall worldwide supply chain that we don't have issues with those.

Probably the greatest individual chain that we have issues with is clothing and textiles and the American base there. With the continuing adjustments to uniforms and all to support the theaters, we are challenged to have a supply base here in the United States for—really, the textile industry is probably our most important.

Mr. FORBES. Gentlelady from Hawaii is recognized for——

I am sorry. I am sorry. Ms. Bordallo has a follow-up on that.

Ms. BORDALLO. Well, not exactly a follow-up, but I do have a question. During a recent posture hearing with General McNabb from TRANSCOM, we discussed ship repairs in U.S. shipyards.

And to continue and to dig a little deeper into this issue, I understand that the Guam shipyard has had some difficulty with its dry dock. However, I find that it is up. But it is undergoing some repairs now.

But the trend of sending ships overseas has occurred consistently, even before this event. In other words, they are sending MSC ships to Singapore and other foreign ports. What steps can be taken to address this matter further? And I am very concerned that we are degrading our domestic industrial capabilities.

I think, General Johnson, you probably will be able to answer that. Could you discuss what sort of planning models are taken into consideration when repairing naval or MSC [Military Sealift Command] ships. You know, where is "Buy America"?

General JOHNSON. Ma'am, I will probably take the larger portion of this question for the record so I can get you the detail. But in general, the vessels that are staged overseas from a certain period of time is something like over 2 years. You know, the big Navy can determine to have those repairs done overseas.

Those tend not to be the kinds of vessels that attend to TRANSCOM work to do the cargo vessels. As you have had a chance to talk with the commander of Military Sealift Command, you have had a sense to know that we, you know, the $40 million worth of work that we do in Guam. And we do hope that the Big Blue dry dock can be back up.

Ms. BORDALLO. Yes, it is up now.

General JOHNSON. Yes, ma'am.

Ms. BORDALLO. I understand.

General JOHNSON. And so I will have to take for the record the details of that process for you and for your staff to better understand that.

[The information referred to can be found in the Appendix on page 85.]

Ms. BORDALLO. Very good.

And one quick question for General Johnson also, referencing the Defense Personal Property System, DPS, I understand that a new system is in place now for the movement of personal goods during a PCS [Permanent Change of Station] move.

However, I do understand that some in the community of users have raised concerns about the new system. And I also understand that there is a concern this system was developed without adequate input from the shipping community that provides the services.

So can you discuss what is being done to improve this and to what extent contractors are involved in the improvements of this new technology?

General JOHNSON. Yes, ma'am. Thank you for that question. The movement of household goods is an enormous undertaking for the Department of Defense, obviously, with all the movement of our forces.

And the last 2 years have been particularly challenging, because with the economy in decline, the trucking industry has laid up several of their vehicles, so their capacity was much reduced.

Unfortunately, at the same time, some of the BRAC [Base Closure and Realignment] moves have actually accelerated household goods moves in the Department of Defense, which put more pressure on the industry to just create more of a perfect storm then. At the same time, we have been developing this new Web-based program to actually help with the quality of life for military members in their moves.

And we have had 11 different occasions to meet with industry in major forums over the last 2 years, and then the discussions went on before that, to try to refine the process.

We have over 70 percent of members of the Services, I think, using the DPS now. We have received 30 percent customer surveys. So of those 30 percent who have submitted customer surveys, we can have a sense of how that is working for the military members. There is also a feedback loop with the carriers as well.

Some of the complaints initially was that the Web site was cumbersome, and it was. And we are trying to do better with that. It wasn't as elegant as some of the—I think the easiest, you know, whether expedia.com or Amazon or that sort of thing. It is meant to be. And so it has improved with the feedback.

And as we approach this peak season, this peak move season coming up, our teammates have worked with the trucking industry to come up with alternatives.

Even though the normal enclosed moving truck that we are used to seeing is in shorter supply this year, we have come up with agreements with them to use crating and on flatbed trucks that will provide a secure move for the members, but also gives an alternative to industry for them to have business as their business picks up.

And we have also, with this program, been able to black out, in a sense, to block out times of peak, so that people don't oversubscribe to a period of time when they can't be supported, which is a burden on the industry as well as on the members, and to then phase out the move to make it more smooth.

So we think the improvements we have made will benefit both the members and the industry. And, actually, a side benefit of this is we have saved over $200 million along the way.

Ms. BORDALLO. Absolutely.

General JOHNSON. So that has really been a benefit to the Department of Defense and makes it a competitive environment for industry. But it has been quite a value for the Department of Defense.

Ms. BORDALLO. Thank you.

Thank you, General, and I yield back.

Mr. FORBES. Thank you.

The gentlelady from Hawaii is recognized for 5 minutes.

Ms. HANABUSA. Thank you, Mr. Chair.

And thank you, all of you, for being here to testify. You are really probably the unsung heroes, because you make things actually work.

So, having said that, my first question is to Lieutenant General Stevenson. In your statement, you used this word or this phrase "organic industrial base." What is an organic industrial base?

General STEVENSON. Yes, ma'am. What I was referring to are depots, maintenance depots that are operated by the Army—we have five; arsenals, which are operated by the Army—we have three, manufacturing arsenals; and then a number of ammunition plants and also ammunition depots, and there are a total of 14 of those. That makes up the organic industrial base.

And the notion there is that we have a capability internal to the Army to support ourselves in time of war and so that we are not reliant, necessarily, on the commercial outside the Army base.

Ms. HANABUSA. And how much of our needs are the organic industrial bases or depots capable of meeting?

General STEVENSON. I think, geez, that is an interesting question. I have not really looked at it in that way.

Let me say this. By law, we were required to do no more than 50 percent of our depot maintenance outside the base. In other words, the law says, "Do at least 50 percent of the depot level work in the depot," the organic depots. And we are complying with that. We are actually about 60 percent in the organic base.

Could we do 100 percent? Pretty close. We probably could.

Ms. HANABUSA. And particular ammunitions, for example.

General STEVENSON. Ammunition is much closer. The law doesn't talk about how much of our ammunition must be produced organically. It only refers to the maintenance depots. It doesn't even refer to the manufacturing arsenals, which is something we would like to—we plan to propose some thoughts about what we ought to have in the way of law for that in the future.

But in ammunition, there are no requirements. There are things, though, that we know that commercial industry won't do. Just South of here in Radford, Virginia, we make what is called nitrocellulose. It is the T in TNT.

Ms. HANABUSA. Can you also tell me, then, if this is what is ongoing, what is the savings, if we are able to go to 100 percent?

And, let me just share with you, I happen to believe that if the military can insource, basically, all of its needs in terms of what we are outsourcing, not to say anything about the private sector, but if we could insource especially these critical aspects of our needs, that we probably, you know, could do it efficiently and, in addition to that, at a great cost savings.

And I just wondered if there was a cost-benefit analysis done.

General STEVENSON. There is. And that is exactly what drives us to not use the organic bases. It is a maintenance action that has to occur every once in a blue moon. It doesn't really make sense to keep that capability to gear up the organic base just to do that small task and then gear back down. It is inefficient.

We have another law besides the 50–50 law that says 50 percent must be done organically. Another law says we must maintain a core, C–O–R–E, organic capability in our organic industrial base that is the amount of capability to meet our needs in wartime. And we are very careful about ensuring that we meet that core capability. We can do 100 percent of our core requirement in our base.

To be completely frank with you, today we have some shortcomings there, where there are things that we should have the capability to do in the base that we can't. And there are long reasons for how that occurred. We are working to fix that and ensure that we have complete compliance with the law and can do every bit of our wartime requirement organically, should we have the need to.

Ms. HANABUSA. And I am running out of time, but I believe that maybe you can answer this in writing. You know, Secretary Gates has this whole idea of how to save monies through efficiencies. Now, is, by any chance, any of the operations regarding the organic base part of it? And if not, what exactly or how does his efficiency measures that are going to cut cost affect you?

General STEVENSON. Everything is subject to being considered in this look at the efficiency of the Department of Defense. And we shouldn't be exempt from that. We should be looking internally to see if we are doing business as efficiently as possible.

And the fact is, we can. I mean, there are still cases where there are redundancies that don't need to be, perhaps between the Services. And there has been a lot of work to correct that over the years—centers of technical excellence in one Service that the other Service can depend upon, and that goes both ways.

And then just the way we operate in the base. An example for you, our arsenals are probably—of our organic industrial base, they are probably the least workloaded. And we have capacity there, untapped capacity. But having untapped capacity in the business—and this organic base is a business—is not efficient. It means you are paying overhead that you don't need to be paying.

And so we have got to do a better job ourselves of getting business for our manufacturing arsenals. We are doing some work with that. General Collyar can tell you that we are manufacturing small arms parts, weapons parts, for the DLA, because they have had some difficulties with some of their suppliers. That is perfect work for an arsenal. In fact, it is being done at the Rock Island Arsenal in Illinois.

We need to do more of that. I sent a note last night to my counterpart in the Air Force asking about bomb casings that they are using a contractor to make for them. We could make those bomb casings at Watervliet arsenal. And my approach to him was, let us do that for you.

The more of that kind of work we can do, we can make our arsenals more efficient.

Ms. HANABUSA. Thank you.

Thank you, Mr. Chair.

Mr. FORBES. Thank you.

As I mentioned at the beginning, I deferred my questions. I just have about three questions for you.

Now, one of them is about counterfeit parts. All of us know that they have the potential to seriously disrupt the DOD [Department

of Defense] supply chain, to delay missions, to infect the integrity of our weapon systems.

As you also know, a congressionally requested GAO study on counterfeit parts completed in March 2010 found that DOD is limited in its ability to determine the extent to which counterfeit parts exist in our supply chain, because it does not have a DOD-wide definition of the term "counterfeit" and does not have a policy or specific process for detecting and preventing counterfeit parts.

General Collyar, what are we doing about that, and how can we address that problem better?

General COLLYAR. Sir, first of all, we recognize that there is a problem. We don't truly know the depth of the problem and the scope of the problem. But we know it, and it hurts us and it hurts industry.

So we have actually formed an organizational effectiveness team led by two Senior Executive Service personnel. We have got contracting personnel, we have got legal personnel, engineers, all working together to develop and, again, work with industry to find certified traceability of parts, certify both the manufacturers and the parts. And we have different ways of doing that.

Again, we are very susceptible when with those 10,000 automated contracts every day, you have a hard time vetting all of those people that are truly providing those parts. So we are looking, using automation models to determine if things are out of line with either pricing or quality of the parts.

And then we are also looking at ways to even DNA-stamp parts to ensure that the chain of reliability or certification of the parts is there, because a lot of times, it is not the OEM [Original Equipment Manufacturer] that is providing it. It is one of the sub-manufacturers way down the line, as complex as many of these things are.

And so we have a testing facility. We are working heavily with them out in Columbus, Ohio, to test for counterfeit. It is one of the priorities that we have on line right now.

Mr. FORBES. If you see something else you think we can do to help, please let us know.

The other thing the gentlelady from Hawaii mentioned were the efficiencies and, for a better term, we call them just cuts, that are taking place. And I think, General Stevenson, you mentioned everything should be on the table. We don't question that.

Here is the concern we have as a committee, I think, though, and perhaps congressionally, that oftentimes these efficiencies or cuts, however you want to deem them, are not being done based on business models that have milestones that you can really measure to make sure that in the long run they are cost savings, as opposed to things that we are just kicking down the road.

Do we need to have more business models when we make these decisions, do you think? And how do we go about bridging that gap, I guess, of credibility, because it seems like more and more we are getting it where somebody is coming and just telling us well, we had some meetings, and we decided, but we never see that analysis.

General STEVENSON. Sir, two thoughts. First thought is, at least in the logistics area, we are getting a vote. It is a bottom-up offer-

ing, not a top-down "cut 10 percent, and you guys figure out how to make that work."

Mr. FORBES. But is your vote based on a business model, or is it based on the fact we have got to cut something, and this what we think is the thing that would be the least painful?

General STEVENSON. I am not sure I would call it a business model, but it is certainly an examination of what we think the possibilities are. And then it is, you know, on us as managers to ensure that we deliver the goods and what we said we could do. And shame on us if we can't pull it off. Then we were silly and shortsighted in what we proposed.

Mr. FORBES. But you guys oftentimes have a great mentality, and we salute you for this. But it is that whenever somebody asks you to do something, you salute and say, "We can do it." And I have never heard you say, "No, we can't do it," which is admirable, but we don't want to put you in that position.

General STEVENSON. Yes, sir. We do say we can't do things. We just don't do it publicly.

[Laughter.]

Mr. FORBES. And that is what we are trying to get you to do, I guess.

Anybody else weigh in on a business model aspect of what—General?

General PANTER. Mr. Chairman, if I may, and I will be a little bit more blunt with it, I guess. We are concerned about some of the efficiencies as they are being discussed and the business case analysis that might be behind them.

In all honesty, my Service, and fair to say, Department of Navy has the position that some of these efficiencies we have concerns, not that we can't accept them, not that they are not good ideas, we are just asking for the proper analysis to be done so there are not secondary effects that we will regret.

Mr. FORBES. And just so you know, this committee is going to help you guys. We are going to try to give you some of that business model analysis so that you don't have to ask for it, but that it is in there so that we know. And I hope that we will have some stuff to help along that line.

Just two other questions that I have got. One of them we kind of hinted at, and it is in the industrial base. I know this is not totally your areas.

But one of the things that worries me, and I have talked to, I think, all of you privately about this, you know, when we go back to World War II, when we had to gear up for World War II, we will never be in a situation where our military is capable of fighting long-term battles by itself. I mean, they have got to have private sector and all involved.

We shifted manufacturers of arcade games into making munitions and other kinds of things. We are losing that industrial base here, as you have to depend more and more on foreign sources to even get the supplies that you need.

Does that concern you? And at any time, do any of you take a look at not just how I am getting the items I need today, be it maintenance or be it items that I have to put in the supply chain, but who is manufacturing them?

And if we had to have that intense long-going conflict, do we have the industrial base, not just for ships—that is important—but for everything that you have to supply to our military?

General STEVENSON. Yes. The short answer is yes. And probably the best example I can give you is in the ammunition business. We have a very deliberate, detailed industrial base assessment process we use for every munition that we produce.

As you know, the Army is the single manager for conventional ammunition for all the Services. And I could show you for every munition we produce a complete breakout of where every part comes from, where the single points of failure are, and what mitigation steps that we are taking to ensure that in time of war we have the ability to get that subcomponent so that we can produce the munition.

We work very hard at that, and we know that we are susceptible to offshore sources, and we have got to have mitigating strategy. In some cases, we buy to keep a vendor in business even though we don't have a need because it is so critical——

Mr. FORBES. Create capability.

General STEVENSON [continuing]. For our future. Yes, sir.

General PANTER. Mr. Chairman, if I may—if I could use another example in this area that I am pretty comfortable with, ground tactical equipment. If you look at what we do with the MRAP, since 2007, they were there. Industry was there when we needed them. We expended over $30 billion. We delivered in a partnership an item that actually saved lives.

When it comes to ground equipment, I think there are many skills sets out there that are transferable and they are well today. And I think in a time of great crisis, we could pretty well rely on them.

When it comes to aviation, shipbuilding, I am certainly not an expert in that area, but my experience with the ground side of the house, I think we are in pretty good situation.

Mr. FORBES. You know, one of the things we may just need to be looking at, too. I know if you look at plants, for example, that geared up to help do the Kevlar that we needed for some of our vests and all, at times they feel like we pulled the rug out from under them. You know, we asked them to shift. It cost them a lot of money to do it. But then we kind of pulled that rug out from under them.

And the question I always have, if we do that, what are they going to do next time, you know, when we need them? So it is something I know you guys are concerned about. We just need to have that conversation about how we support them.

General Johnson, what are your thoughts?

General JOHNSON. Well, sir, you have alluded to sealift and airlift, and obviously that is one of our greatest interests, even with these air ships that we talked about. There are companies trying to figure out if they have a business case for that type of different vehicle. Some of the testing we do out in the ranges for our unmanned logistics vehicles and that sort of thing, it shows a dynamic interest out there.

If you are talking about producing in great numbers, though, that is obviously the business of this committee more than for us

in transport. But we have found great support. When we try to look for new ideas, we have found great support from the U.S. flag industry and then home-based industry.

Mr. FORBES. General Collyar, any thoughts?

General COLLYAR. Sir, no. You know, overall, most of the commodities that we support, we have a relatively good industrial base. I said textiles and some of the Nomex® [flame resistant fiber] and different types of things. You actually said one of them that is very key with the armor protecting materials. And it is a challenge because of our long-term commitment to those types of organizations and what they produce.

I think one of the things that the Army has done well is try to look at those and see which of the items that is the item *du jour* today that we are really going to keep in the system long-term and make sure we do continue to support those versus what we are using in today's conflict and may decide we don't need to keep that long-term within our capability.

The other challenge that we have in DLA is to support all the legacy systems along with those new systems coming out, and we lose manufacturers off of those systems routinely also.

Mr. FORBES. Last question I have got for you. All of us, we appreciate so much, as we said at the beginning, your expertise, the experience you bring here, your service to our country. It all comes with a unique skill set that you bring to the table.

All of us, though, go through our days sometime, and we have good days, but there is one thing that just kind of worries us and nags at us. And sometime you wake up at night and that hits you. And we oftentimes say, "What keeps us up at night?" You have heard those kinds of comments.

What is the thing that concerns you most in what you have seen in terms of our readiness posture that you would say would be the thing that would concern you the most, not just for today, but 5 years down the road or 6 years down the road, if you had to peg that as the thing that would worry you most at night, if you had to pick one thing?

General STEVENSON. I was about to answer a today answer, but you took——

Mr. FORBES. Today is okay if you want to do that. Or give me both.

General STEVENSON. The obvious thing, sir, is the CR [Continuing Resolution] and potentially the shutting down of the government.

Mr. FORBES. That is a little out of our pay grade. So let us go to one that we can deal with.

General STEVENSON. But one that sort of Haiti brought to mind. You know, we have been very, very good at deploying and operating in Iraq and Afghanistan. And it has gotten in—it is a cyclic thing, and we know how to do it and it happens almost so smoothly and so by rote.

But we have got to be able to do that on short notice to other places in the world. And we got soldiers—when we did Haiti, there are some skills that we didn't have because we had gotten rusty at them.

And so 5 years from now, you know, we are out of Iraq, we are out of Afghanistan. You know, how are we going to keep those skills? You know, it just almost makes you cry how competent Army, Marine Corps, other Service logisticians are. They have gotten really, really good at this.

It is something we haven't done, you know. I mean before the Cold War, end of the Cold War, I mean, we talked a lot, we practiced a lot, but we didn't do. We have been doing for 10 years. And to keep those skills is what—how you keep them. How do you keep the soldiers motivated after what they have been through? That is what keeps me up at night.

Mr. FORBES. So we found that with NASA [National Aeronautics and Space Administration] when we lost our ability to put somebody on the moon, you know.

General.

General PANTER. I am sorry. If I was going to pick one thing, I think it is this reset issue. I use an analogy, and my folks hate it when I use it, but this "pig in a snake" [bottleneck] is coming.

When we get out of Afghanistan, we are going to have this tremendous requirement to reset our corps, our Marine Corps. I just hope that the American public and Congress will be there when we need them.

And, as Mitch has said before, we are going to need 2 or 3 years to get this right, and that is coming. And I just hope the will is there to help us when we do start coming out of Afghanistan. Thank you.

Mr. FORBES. Thank you.

General Johnson.

General JOHNSON. Sir, as we look at our responsibilities in the future environment that we are going to face, the idea of going to remote places with austere environments is more and more a reality.

Our alignment in the world has been fairly East-West. We find that our presence north and south and those, whether in Africa, South America or even southern parts of the Pacific, perhaps aren't as robust.

And so one of the interests we have taken is to come up with an infrastructure look, an annual look, with the other combatant commands to see if what if we could fix a road here or a port there, so that in the future, we would be able to go in to do—in a benign way to go do humanitarian assistance, not necessarily, you know, to do bellicose acts, although we could do that as well.

But to fix a road in Souda Bay, Greece, may be a small investment, but it would give us the opportunity to support perhaps even better the activities in North Africa right now. The kind of work we are doing in Guam right now represents that sort of work, to make these intermodal nodes as we go.

But as we build relationships with other countries, whether Vietnam or others that might give us this presence, so that we don't have a giant expensive footprint, but we have a way to respond in the way that General Stevenson alluded to, in ways that we can anticipate in place, that we can anticipate the kinds of things that might happen in the increasingly remote areas.

Mr. FORBES. General Collyar.

General COLLYAR. Sir, my thought is more along the lines of wearing my service uniform versus a DLA uniform.

But it really does go back to more of what General Panter said. We have been given the greatest equipment today, and we continue to get full support for any new piece of equipment to support our troops deployed around the world.

And I worry about our ability to continue to get that money, for the public to stomach us getting that money to reset and recap our equipment so we are prepared it in the future.

And along the other thing that General Stevenson, I think, said, we have noncommissioned officers today that have no peer anywhere in the world, and it is because of what we allow them to do in the theater. And yet our regulations when we bring them back here require officers to do many of those same functions.

And how do we keep junior, mid-grade NCOs [Non-Commissioned Officers] engaged when we take those responsibilities away from them that we fully handed them, including soldiers' lives? How do we keep them engaged and wanting to stay in and do what we need them to do in the future?

Mr. FORBES. Good. Good comments. I promised all of you before that if you needed any other time to correct anything that you said or something we left out, to give you that opportunity.

Anybody need anything else or feel that we have left out something that you think we need to put in the record or that you need to go back and reevaluate?

Well, if not, we want to, again, thank you so much. This committee appreciates not just you being here today, but your service to our country. And by telling you that, we also hopefully are telling all the men and women that serve under you, and thank you.

And with that, we are adjourned.

[Whereupon, at 12:46 p.m., the subcommittee was adjourned.]

A P P E N D I X

APRIL 7, 2011

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

APRIL 7, 2011

Statement of Hon. J. Randy Forbes

Chairman, Subcommittee on Readiness

Hearing on

Sustaining the Force: Challenges to Readiness

April 7, 2011

I want to welcome everyone to the subcommittee's hearing on "Sustaining the Force: Challenges to Readiness." Today we have the opportunity to discuss not only the current state of our logistical and maintenance readiness, but to also look at how we are posturing the force for the future. Joining us today are four exceptional witnesses representing the Army, Marine Corps, U.S. Transportation Command, and the Defense Logistics Agency.

They are:

- Lieutenant General Mitchell H. Stevenson, USA, Deputy Chief of Staff, Logistics, G4, U.S. Army;
- Lieutenant General Frank A. Panter, Jr., USMC, Deputy Commandant, Installations and Logistics Headquarters, U.S. Marine Corps;
- Major General Michelle D. Johnson, USAF, Director of Strategy, Policy, Programs and Logisitics, J5/4, U.S. Transportation Command; and
- Brigadier General Lynn A. Collyar, USA, Director of Logistics Operations, Defense Logistics Agency.

These four distinguished officers are responsible for transporting, sustaining and supporting our forces with both at home and abroad. They are charged not only with ensuring our men and women in have what they need when they need it, but are also responsible for ensuring we are postured to respond effectively to future real world contingencies like we have seen recently in Haiti and Japan.

We are truly honored to have you join us today and we are extremely grateful for all you do to keep this nation safe. Thank you for your service.

Our subcommittee's hearings over the last couple of months have highlighted the many potential global threats and challenges our military faces. There is no doubt that our military is under significant strain, but they are performing marvelously despite the many challenges they face. However, the work of this subcommittee is to not only ensure our force can continue to excel in Iraq and Afghanistan, but is also postured to respond to a myriad of potential challenges around the world, both in the near term and in the long term.

Today, the Department of Defense has more than 450,000 personnel abroad in support of our national interests. In CENTCOM [United States Central Command] alone, the U.S. has more than 150,000 brave men and women engaged in ongoing operations. These complex operations are sure to present significant logistical and maintenance challenges well beyond the President's stated goal for redeployment of combat forces from the region.

I hope that this hearing will allow members to learn more about how we are meeting these current challenges while, at the same time, posturing ourselves for significant challenges we are certain to face in the future.

STATEMENT BY

LIEUTENANT GENERAL MITCHELL H. STEVENSON

DEPUTY CHIEF OF STAFF, G-4

UNITED STATES ARMY

BEFORE THE

SUBCOMMITTEE ON READINESS

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 112TH CONGRESS

ON

"SUSTAINING THE FORCE: CHALLENGES TO READINESS"

April 7, 2011

NOT FOR PUBLICATION

UNTIL RELEASED BY THE

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

Mr. Chairman, Ranking Member Bordallo, members of the Subcommittee, on behalf of all Soldiers and, more specifically, Army Logisticians, I appreciate the opportunity to be a part of this Subcommittee's continuing efforts to address the question "Are we ready?"

As the Secretary and the Chief of Staff of the Army have testified, the war is not over yet, and we remain in an era of persistent conflict facing an uncertain and increasingly complex strategic environment. To that end, I continue to be impressed by the work of Army Soldiers and Civilians. I have visited them as nearby as Ft. Lee, Virginia and as far away as Bagram, Afghanistan, and I can say without equivocation that the Army's sustainment system, and the personnel who make it work, is a well-tuned enterprise capable of supporting a versatile and adaptable Army.

As I appear before you today, the Army is seamlessly moving supplies and equipment out of Iraq to multiple destinations, while simultaneously supporting complex military operations in the land-locked country of Afghanistan, with its treacherous terrain and poor infrastructure. We have utilized our prepositioned stocks several times, most recently to aid our allies in Japan, and after each usage, quickly rebuilt them to be ready for the next requirement -- Army pre-positioned stocks are doing precisely what they are intended to do. Our depots, arsenals, and ammunition plants have surged to keep the warfighter on the front lines stocked with the best and most reliable equipment and supplies. And on top of all this, we are working to get even better: the Army's Soldiers and Civilians are pursuing cutting-edge technologies in operational energy, improving

efficiencies and accountability. Because of these efforts, your Army is more prepared to meet operational challenges than it ever has been—a state of readiness that I think will improve even more in the coming years.

Of course, such a feat would not have been possible without the support of the Congress. Speaking on behalf of the Army, let me just acknowledge that this Subcommittee's commitment to our men and women in uniform has been instrumental to our success, and we are committed to being good stewards of the resources you have authorized us.

Responsible Drawdown

As you know, the Army is currently drawing down our presence in Iraq. As part of this effort, we will redistribute over 3.4 million pieces of equipment, redeploy more than 143,000 U.S. military personnel, and transfer or close 505 Forward Operating Bases. These bases were supported by 22 Supply Support Activities (the Army equivalent of a Walmart store), containing a total of over 135,000 lines of repair parts, 21,000 short-tons of common-use supplies, and 34,000 short-tons of ammunition. As part of our drawdown effort, we have already retrograded roughly 2.3 million pieces of equipment, and have only 74 Forward Operating Bases still in place. This is, as you would imagine, no small task. Based on results of reviews by both the Army Audit Agency and the Government Accountability Office, I am pleased to report that we are currently on track or ahead of schedule in every measurable area, and I am confident we will complete this mission on time, and do so responsibly.

Since the beginning of the Iraq drawdown process, the Army has had clearly defined, coordinated, and synchronized plans and policies for the redistribution and retrograde of materiel. Our first priority for any piece of equipment no longer required in Iraq is to fill requirements in Afghanistan. After we meet those needs, some equipment redeploys home with units for unit level Reset; the remainder is sent directly to industrial base facilities for national level Reset. Upon completion of Reset, we distribute this equipment in accordance with Army priorities to fill unit equipment authorizations in the active Army, Army National Guard, and Army Reserve, or to restock Army Prepositioned Stocks (APS). Also we are using Congressionally granted authorities to provide varying types of equipment to Iraqi and Afghan Security Forces to help build up their minimum essential capabilities. And finally, we are working with State and local governments to provide them the opportunity to claim certain pieces of excess, non-standard equipment.

Supporting Operations in Afghanistan

While our efforts to draw down successfully and responsibly in Iraq have been noteworthy, what makes it even more remarkable is that this drawdown in Iraq is being accomplished while concurrently supporting combat operations in Afghanistan. And as many of you who have traveled to these places know, the challenges a Soldier faces in Iraq are not always the same as he or she faces in Afghanistan. In Afghanistan, a land-locked country with poor infrastructure, we are put to the test every day to find new and better ways to sustain the warfighter, both in moving supplies into theater, and then

also in successfully delivering it to Soldiers in remote locations under austere and dangerous conditions. The Army, working in conjunction with our partners in United States Central Command and United States Transportation Command, use multiple modes of transportation to get the Soldier what he or she needs on the battlefield. Critical and sensitive equipment, such as communications equipment, ammunition, repair parts, and weapons are delivered by air, while the remainder of the equipment is generally delivered by ground. In some cases, the poor to non-existent roadway infrastructure and the high risk of enemy activity require us to resupply remote military outposts by airdrop. Recently, the Army and Air Force conducted the largest ever resupply of fuel when they dropped approximately 20 thousand gallons of JP8 fuel for Wasa K'wah, an outpost that has not had ground convoys resupply it in nearly three years.

Industrial Base

While supporting the war effort, the Army has relied heavily on our organic industrial base, which has operated at historically high rates, the highest since the Vietnam War. In fiscal year 2011, the Army expects to Reset approximately 116,000 items at our depots (including 1,000 Mine Resistant Ambush Protected (MRAP) vehicles). Army rotary wing aircraft continue to operate at up to six times non-combat usage levels; and many tactical wheeled vehicles have similar and, in some cases, even higher OPTEMPO. Yet our maintenance facilities have enabled the Army to maintain operational readiness of equipment in theater at rates of over 90% for ground, and 75% for aviation equipment. Our current equipment readiness rates are a good

indicator that we are meeting our requirements, but the Army continues to look for ways to keep improving. With our efforts in Iraq winding down, we are pursuing strategies that will sustain capabilities in the long-term, both in terms of workforce and facilities.

The Army, with the help of Congress, needs to make the right choices to maintain the critical capabilities of depots and arsenals in the future. The fiscal year 2012 President's Budget Request is a good step forward in transitioning from a reliance on overseas contingency operations (OCO) funding to the standard base budget. This will allow us to better ensure that depots sustain core capabilities as we draw down from the high wartime OPTEMPO. Additionally, given all the new equipment brought into the inventory as we have conducted operations in Afghanistan and Iraq, we need to adapt our depot programs to accommodate the latest systems. A good example of that is the work we are doing right now in establishing a competency for repair of MRAPs at Red River Army Depot, and route clearance equipment at Letterkenny Army Depot.

I know the industrial base is an issue of importance to this Subcommittee. As part of the fiscal year 2009 National Defense Authorization Act, Congress required an independent study on the capability and efficiency of the Department of Defense depots. Prior to this study, the Army was already working to address many of its key elements. The Army has instituted a "portfolio review" process to provide overarching analysis and recommendations to posture us even more effectively for the future -- we are using this process to comprehensively assess the organic industrial base and consider options to sustain ready and relevant depots, arsenals, and ammunition plants

for the 21st Century. In addition, we had already been working hard to ensure we had a well thought out industrial base strategy, and were meeting our core requirements in our maintenance depots.

Army Prepositioned Stocks (APS)

Like the industrial base, our Army Prepositioned Stocks (APS) must be maintained to meet the need of future contingency operations. The APS program is doing exactly what it was created to do, which is to give our Combatant Commanders access to strategically placed equipment to enable a rapid response to contingencies. As an example, we have issued and reconstituted our APS-5 set in Southwest Asia several times in order to meet operational requirements in both Afghanistan and Iraq. To help restore APS, the Army has requested $679 million in Base funding and $288 million in OCO funding in the fiscal year 2012 budget request. Our current focus is the reconstitution of a fully operational APS-3 Army Strategic Flotilla I Infantry Brigade Combat Team, APS-3 Army Strategic Flotilla III Sustainment Brigade, APS-3 Army Strategic Flotilla IV Theater Opening/Port Opening Package, APS-4 Heavy Brigade Combat Team, APS-5 Sustainment Brigade, APS-5 Heavy Brigade Combat Team, and APS-5 Infantry Battalion. With your continued support, the Army is committed to completely restoring our prepositioned stocks, a task we expect to accomplish by the year 2015. The APS program supports our National Military Strategy by positioning critical warfighting stocks afloat and ashore worldwide which provides Combatant Commanders maximum strategic flexibility and operational agility.

Operational Energy

Access to energy is also an important function of readiness. The Army purchased just over $1 billion worth of fuel in Afghanistan during fiscal year 2010. Operational Energy represents a complex set of challenges and opportunities for us. It requires synchronization across the Army and with Joint and other external organizations. In terms of sustaining our operations in theater, it is critically important that we manage our energy resources in order to maximize our overall combat effectiveness. That means our approach to managing fuel and energy requires a comprehensive approach —no single solution (process/procedural change, technology-insertion, or otherwise) can address the challenges we face across the full spectrum of operations. In addition, it is important to note that Operational Energy is inextricably linked to the management of water and other resources.

There are several system initiatives underway for Army Operational Energy, with energy efficiency improvement of Army Base Camps representing one of the best opportunities to reduce, and more intelligently manage, energy and water usage. The Army is taking a systems approach to demand reduction of both energy and water -- this includes the use of energy-efficient shelters, micro-grids and renewable power and water reuse systems.

To support our focus on energy savings, the Army developed a tool to estimate the Fully Burdened Cost of Fuel (FBCF) and made it available to the entire Department of Defense, so that it can be used to estimate the FBCF for specific types of equipment,

different types of units, and various locations throughout the world. Reducing our demand for energy will take fuel convoys off the road and save lives.

Efficiencies

As part of the overall Army efficiency initiatives, we logisticians are looking at ways to reduce the need for taxpayers' dollars without adversely affecting current or future readiness. The Army is partnering with the U.S. Transportation Command to consolidate shipments and use more efficient modes of transportation. We are also saving money by accelerating the completion of chemical demilitarization activities. By reducing War Reserve Stocks for Allies Ammunition Stockpile in Korea, we are saving money on the associated storage and maintenance costs -- we are currently reducing that stockpile by 32,000 short tons per year. The Army is also becoming more efficient by using bar code technology to reduce processing times and improve inventory management for Organizational Clothing and Individual Equipment, along with an entire suite of initiatives aimed at streamlining supply operations across the board for this gear.

Equipment on Hand Readiness:

The Army is also taking actions to improve our equipment on hand readiness and to ensure we do a better job of reporting the true capability of our modular force. The logistics, readiness and equipping staffs are conducting a thorough review of all the Army's equipping requirements to ensure we have the right capabilities in the right quantities reflected in our authorization documents. Taking advantage of the

experience and advice of our combat-experienced commanders, we are validating and where appropriate, adjusting our requirements. This allows us to redistribute on hand equipment so that we can make maximum use of the dollars Congress provides.

Stewardship

Property Accountability is the foundation of good stewardship and a top priority of the Army's leadership. The Army is adapting its corporate equipment accountability policies and processes to support Army Force Generation and streamline its procedures. We have placed increased emphasis on stewardship by publishing orders that mandate that all Army Commands, Army Service Component Commands, and Direct Reporting Units account for everything, account for and redistribute excess, and educate leaders at every level to reestablish a culture of supply discipline. The Army's Property Accountability Campaign is a highly visible, enduring effort that enables the Army to make prudent use of its resources and enhance its readiness.

Ammunition Readiness

Over the past nine years of war, the Army has steadily improved its ammunition readiness while supporting our deployed forces. Our forward positioned forces can fully support their missions, while maintaining their stocks at the highest readiness levels. The Army's ability to flex to support missions and operations has vastly improved since 2003, when we came out of our post Cold War hiatus on ammunition production. We continue to monitor our ammunition readiness closely, working in conjunction with the

other Services, to ensure that the Department of Defense is able to supply a highly trained force when and where they are needed.

Conclusion

Army logisticians work tirelessly to make sure that the Army is ready whenever called upon; and we continue to improve on our readiness every day. We are simultaneously meeting our goals of drawing down in Iraq while supporting the needs of the warfighters in Afghanistan. In addition to these military operations, the Army has executed multiple humanitarian assistance and disaster relief missions in which it has provided support in the aftermath of events such as the earthquake in Haiti, the flood in Pakistan, and the earthquake and tsunami in Japan. Here at home, we are determining the best ways to respond to future contingencies by supporting our industrial base facilities, strategically placing equipment and supplies across the globe in prepositioned stocks, fully supporting deployed forces with critical ammunition and other supplies, and pursuing new initiatives in operational energy. As mentioned throughout my testimony, Army logisticians are also looking at ways to become more efficient. We believe we are successfully addressing current challenges and working to posture our equipment, policies, industrial base, and people so that we can be ready for the future. I would like to thank the Subcommittee again for their support and look forward to your questions.

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LTG Mitchell H. Stevenson

Deputy Chief of Staff, Logistics, G4
HQ USA

Lieutenant General Mitchell H. Stevenson was born in Linz, Austria, the son of a career Army NCO. He was commissioned a Regular Army Ordnance Officer from the ROTC program at West Virginia University in May 1974. After being detailed Infantry initially, he was made an Ordnance officer in March 1976.

His previous commands include Heavy Maintenance Company, 701st Maintenance Battalion, Fort Riley, KS; Forward Support Maintenance Company, 122d Maintenance Battalion, Germany; 724th Main Support Battalion, Fort Stewart, GA; Division Support Command, 3d Infantry Division, Germany; Commanding General, U.S. Army Ordnance Center and Schools, Aberdeen Proving Ground, MD; Commanding General, U.S. Army Combined Arms Support Command, Fort Lee, VA.

LTG Stevenson's other assignments include Executive Officer to the Commanding General, U.S. Army Tank-Automotive Command, MI; Support Operations Officer, 703d Support Battalion, Germany; Division Materiel Management Officer, 3d Infantry Division, Germany; Executive Officer to the Deputy Chief of Staff for Logistics, Washington D.C.; Director, Plans and Operations, Office of the Deputy Chief of Staff for Logistics, Washington D.C. and Deputy Chief of Staff for Logistics and Operations, U.S. Army Materiel Command, Fort Belvoir, VA.

He is a graduate of the Infantry Officer Basic Course, Ordnance Officer Advanced Course, U.S. Army Command and General Staff College, and the U.S. Army War College. General Stevenson holds a Master of Science degree in Logistics Management, Florida Institute of Technology and a Bachelor's degree in Psychology, West Virginia University. His awards and decorations include the Distinguished Service Medal with Oak Leaf Cluster, Legion of Merit with four Oak Leaf Clusters, Bronze Star Medal, Meritorious Service Medal with three Oak Leaf Clusters, Army Commendation Medal, Army Achievement Medal, Kuwait Liberation Medal and Southwest Asia Service Medal with three stars. He has also been awarded the Expert Infantryman's Badge.

STATEMENT OF

LIEUTENANT GENERAL FRANK A. PANTER

DEPUTY COMMANDANT, INSTALLATIONS AND LOGISTICS

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

READINESS SUBCOMMITTEE

ON

SUSTAINING THE FORCE: CHALLENGES TO READINESS

APRIL 7, 2011

Not public until released by the
House Armed Services Committee

Chairman Forbes, Ranking Member Bordallo, members of the Committee, thank you for the opportunity to provide you a report on how the Marine Corps is sustaining the force. Despite high operational tempo, your Marines are resilient, motivated and performing superbly in combat, maritime security, humanitarian assistance and disaster relief missions around the globe.[1]

Today, partnered with the U.S. Navy, we have roughly 32,000 Marines forward deployed and forward engaged around the world. This past year alone, our afloat forces conducted humanitarian assistance missions in Pakistan, Haiti, and the Philippines; recaptured the pirated ship *Magellan Star*, rescuing its crew from Somali pirates; and partnered with allied forces in engagement missions in the Pacific Rim, Latin America, Africa and Eastern Europe.
Even as we speak today, your U.S. Marine Corps is supporting disaster relief operations in Japan as the result of the recent devastating earthquake and tsunami.

The Marine Corps is keenly aware of the fiscal realities confronting our Nation. During these times of constrained resources, the Marine Corps remains committed to being the best stewards of scarce public funds. We maintain a longstanding tradition in Congress as DOD's "Penny Pinchers." Our institutionalized culture of frugality positions us as the "best value" for the defense dollar. For approximately 8.5% of the annual Defense budget, the Marine Corps provides the Nation 31% of its ground operating forces, 12% of its fixed wing tactical aircraft, and 19% of its attack helicopters.

The Marine Corps' continued success as "America's Expeditionary Force-in-Readiness" is completely dependent on continued Congressional investment in our Marines, their families, the reset and modernization of our equipment, and the training of the Marine Air Ground Task

[1] CMC Posture Statement, pp 1-2

Forces (MAGTF) for future security environments. On behalf of all Marines, their families, and our civilian Marines, thank you for your unwavering support.

Role of the Marine Corps. As our Commandant recently testified, the role of the United States Marine Corps affords three strategic advantages for our Nation:

- We are a versatile "middleweight" force capable of response across the range of military operations;
- We have inherent speed and agility that buys time for our Nations leaders; and
- We possess an enabling and partnering capability in joint and combined operations.

To enable these strategic advantages, the Commandant identified four enduring priorities aligned with the 2010 National Security Strategy:

1) Continue to provide the best trained and equipped Marine units to Afghanistan;
2) Rebalance our Corps, posture it for the future, and aggressively experiment with and implement new capabilities and organizations;
3) Better educate and train our Marines to succeed in distributed operations and increasingly complex environments; and
4) Keep faith with our Marines, Sailors and our families.[2]

Operation ENDURING FREEDOM. We have made tremendous progress in Afghanistan and this clearly remains our number one priority. At present, there are more than 20,000 Marines deployed in Afghanistan. The gains that we have achieved in Helmand Province are the result of the outstanding leadership, professionalism, and bravery of our young Marines and their leaders

[2] CMC Posture Statement, pp. 2-4

on the ground. We will continue to provide forces to Afghanistan capable of full spectrum combat and counterinsurgency operations, while balancing our capabilities to meet the other tasks the Nation will ask of us in the future. We have provided, and will continue to provide, the best possible training and equipment for our Marines to further capitalize on the current successes in Afghanistan.

Marine units operating in Afghanistan have the highest state of readiness for equipment, personnel and training. Through Congressional support, we continue to receive funds for the rapid fielding of urgently needed items to support the Afghanistan effort. The Mine Resistant Armor Protected vehicles and the Mine Resistant Armor Protected All Terrain Vehicles provide superb force protection as our Marines continue to reclaim ground previously controlled by the Taliban. In December 2010, we deployed a reinforced Tank Company to complement our efforts in Regional Command SouthWest to further exploit our hard-earned achievements in this highly contested region.

Ground Equipment Readiness. As the Commandant testified in his statement before Congress in March, our equipment abroad and at home stations has been heavily taxed in nearly a decade of constant combat operations[3]. We continue to globally source equipment for Afghanistan, and to meet other equipment requirements as we rapidly respond to emerging threats in the Middle East and elsewhere around the globe. The requirement to fully resource deployed forces, often in excess of our tables of equipment, has resulted in redistribution of assets from non-deployed forces and strategic programs to meet these requirements. The result is a reduced availability of equipment essential to outfit and train our non-deployed units. The supply rating of units at home station hovers around 65% percent. When we surged forces into Afghanistan, we sent almost

[3] CMC Posture Statement, p. 4

half of the required equipment directly from Iraq to Afghanistan without full reset actions. Success in Afghanistan has stressed our equipment readiness posture due to the following factors:

- The harsh environment and tempo of operations in theater through nearly a decade of combat have accelerated wear and tear.
- The enemy's weapon of choice in Afghanistan (as it was in Iraq)--the improvised explosive device--has greatly accelerated wear and tear on our vehicles due to the increased weight of vehicle armor.
- The greatly distributed nature of current operations has shown us that our legacy tables of equipment were inadequate. As a result, the type and number of ground vehicles, radios, and other major end items has significantly increased. For example, in our infantry battalions, the number of tactical vehicles has almost doubled while the number of radio sets has grown sevenfold.

Reset. The decision to rapidly build combat power in Afghanistan forced us to delay our original plans to reset the Corps. We estimate that our reset requirements have increased as a direct result of the shift of equipment from Iraq to support the surge of forces in Afghanistan. While we have adjusted our original reset plan, we continually seek to synchronize Marine Corps reset efforts to ensure we effectively and efficiently reset equipment to support follow-on combat operations. Major elements of our ongoing reset plan are:

- Better integrating our Ground Combat Tactical Vehicle Strategy as part of an overall Ground Equipping Strategy. These efforts are informing the Reset and Reconstitution resource allocation decisions for the Marine Corps.

- Maximizing sources of repair in the Central Command Area of Responsibility to sustain our equipment in theater by tapping into joint capabilities such as the great support provided by the U.S. Army Material Command and the Defense Logistics Agency.
- Aggressively repairing equipment at our depots and distributing to fill shortfalls for established priorities.
- Disposing of equipment deemed beyond economical repair or no longer needed in our inventory.

The Commandant stated that the price tag for reset is $10.6 billion, of which $3.1 billion has been requested in FY11, and $2.5 billion in FY12. The remaining $5 billion will be needed upon the completion of our mission in Afghanistan.[4] This funding will provide depot level maintenance of equipment; procurement of combat vehicles, major weapons systems, and engineering equipment; replacement of ammunition; and related expenditures.

Reconstitution of Equipment. As we implement the changes identified in lessons learned from nearly ten years of combat and from our force structure review, we will continue to assess modernization requirements for equipment to meet our post-Afghanistan posture. Our initial estimate of costs to modernize equipment sets to support future operations is $5 billion, which is completely separate from our reset costs. We have begun to address our reconstitution shortfall, requesting $253 million in FY12 for new equipment procurement. [5]

Prepositioning Programs. The current MPF program is composed of a fleet of 16 ships divided into three Maritime Pre-Positioning Squadrons (MPSRON) located in the Mediterranean Sea,

[4] CMC Posture Statement, p. 12
[5] CMC Posture Statement, p. 12

Indian Ocean (Diego Garcia), and Pacific Ocean (Guam and Tinian). When completely loaded, Marine Corps prepositioning vessels today carry more than 26,000 pieces of major equipment including tanks, wheeled tactical vehicles, and howitzers, as well as the necessary supplies to support our expeditionary force.

We continue to rotate the MPSRONs through our scheduled maintenance cycles at our Blount Island complex in Florida. Our MSPRONs reset efforts will ensure the ships are loaded with the most capable and modern equipment available in order to support the full range military operations. While there are some critical shortages, the readiness trend lines remain high and our Maritime Preposition Force remains a viable option for the nation when needed to support contingencies plans throughout the globe.

The Department of the Navy is currently funding the full Maritime Prepositioning Force (MPF) program of 16 ships through FY12. However, the Department of the Navy POM-13 efficiency approved by the Secretary of Defense places six ships in Reduced Operating Status (ROS) beginning in FY13. This equates to savings of approximately $500M across the Future Year's Defense Plan (FYDP). Concurrently, the Marine Corps will continue to optimize its MPF program to remain a responsive and relevant warfighting capability to Geographic Combatant Commander requirements.

With the deferring of MPF-Future (MPF-F), the Marine Corps and Navy have focused on an interim solution to enhance current MPF with three new programs of ships to enable future seabasing concepts. The addition of three Mobile Landing Platforms (MLP) and three Auxiliary Dry Cargo/Ammunition ships (T-AKEs) to the Maritime Prepositioning Squadrons (MPSRONs), coupled with existing Large, Medium-Speed, Roll-On, Roll-Off (LMSR) cargo ships, will enable the MPSRONs to conduct at-sea, sea-state three, selective offload of vehicles, personnel, and

equipment without complete reliance on fixed ports. The introduction of Mobile Landing Platforms (MLPs), Auxiliary Dry Cargo/Ammunition ships (T-AKEs), and Low Medium Speed Roll-On/Roll-Off ships (LMSRs) provide the Navy and Marine Corps team a substantial step in enhancing our current sea-basing capabilities. It is important to note that these programs are not just strategic war reserve. Marine Corps prepositioning programs support forward-deployed training exercises, theater engagement and, with the amphibious ships of the U.S. Navy, the steady state requirements of the combatant commanders.

Energy Initiatives. For installations, we have a diverse and balanced portfolio including photovoltaic, wind and landfill gas generated renewable power. In 2012, the Marine Corps plans to invest over $200M in installations energy. Over 90% of that will be invested on efficiency projects to decentralize heating plants, upgrade HVAC systems, retrofit lighting fixtures/controls, and improve building R-values (insulating properties) to reduce energy consumption.

Up to 10% of the investment will support additional renewable energy sources. Our overall energy investments over the next three years will enable the Marine Corps to meet the requirement to reduce Energy Intensity by 30% by 2015. To date, we have cut Energy Intensity by 10%. All facilities being constructed by the Marine Corps adhere to the most stringent energy standards in the construction industry and are certified to a minimum standard of LEED Silver. Many of our recent projects have been certified to LEED Gold and Platinum.

While our primary objectives for installation energy initiatives are environmentally and fiscally focused, for our deployed units, the safety and well-being of our Marines and Sailors in combat are our critical goals. We consider reducing energy consumption on the battlefield as a

force protection issue in that it reduces the logistics burden to sustain forces in the field. Additionally, energy efficiency makes us more expeditionary by extending operational range and reducing reliance on logistical support.

The Marine Corps is experiencing success in a number of expeditionary energy initiatives. Our current initiatives in Afghanistan center in Helmand Province and include solar battery chargers for portable radios, photovoltaic arrays (towed and land arrayed) for static combat outposts, and solar thermal powered tent lighting. We have purchased 200 shelter liners for our standard Base-X dome tents. These liners will raise the R-value of our tents from R-1 to approx R-3. These improvements should pay for themselves in fuel saved in less than one year on the battlefield.

Future Readiness. In fulfilling the Commandant's priorities, we are seeking to rebalance the Corps, posture for the future, and aggressively experiment with and implement new capabilities and organizations. The 2010 Quadrennial Defense Review and the 2010 National Security Strategy identify the necessity of overcoming irregular threats and enabling forces that are globally available, yet regionally focused. Today, Geographic Combatant Commanders continue to register a need for forward deployed amphibious forces capable of operating across the spectrum of military engagements, from countering irregular threats to conducting security cooperation, from engaging in regional deterrence to providing crisis response.

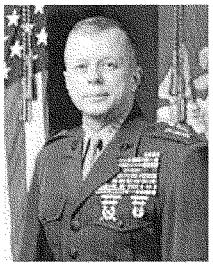
In recognition of this shifting landscape, last fall the United States Marine Corps conducted a rigorous force structure review. The outcome of this review is a post-Afghanistan Marine Corps comprised of an optimum mix of capabilities to fulfill our role as America's Expeditionary Force in Readiness. This review addressed Marine Corps capabilities, cost, and

readiness relative to operational requirements of the Combatant Commanders. The result is a strategically mobile, middleweight force, ideally suited for forward presence and crisis response. We will be light enough to leverage the capacity and flexibility of our amphibious ships, but heavy enough to carry the day when we get there. This optimum mix of people and equipment entails reorganization of our force and a modest reduction in personnel. As we make these adjustments, we will keep faith with our Marines, Sailors and their families to ensure that personnel are successful in their transition back to civilian status. Achieving this future posture will of course require continued dialogue with and the support of Congress.

Summary. Your Navy and Marine Corps team offers an impressive forward deployed and forward engaged capability in the defense of our Nation. It provides an immediate response to contingencies and supports the Combatant Commanders in setting conditions for follow-on forces as required.

On behalf of your brave and dedicated Marines, I offer again our sincere appreciation for your past and continued support. The U.S. Marine Corps stands ready to fulfill our role as "America's Expeditionary Force-in-Readiness," and with your support, we will respond rapidly and capably when called upon for future contingencies.

Lieutenant General Frank A. Panter, Jr. Biography



LIEUTENANT GENERAL
FRANK A. PANTER, JR.
DEPUTY COMMANDANT, INSTALLATIONS AND LOGISTICS

Lieutenant General Panter is presently serving as the Deputy Commandant, Installations and Logistics, Washington, DC.

Enlisting in the Marine Corps in August 1968, he served until 1972. This included a tour in the Republic of Vietnam with the 1st Marine Division. After graduating in 1975 from the University of Tennessee at Chattanooga with a Bachelor of Arts degree in Biology, he entered Officer Candidate School and was commissioned a Second Lieutenant in the Marine Corps in July 1975.

Following the The Basic School in 1976, Second Lieutenant Panter attended the Basic Combat Engineer Course. He then served as a Combat Engineer and Shore Party Platoon Commander, Alpha Company, 3D Combat Engineer Battalion, Kaneohe Bay, Hawaii participating in several deployments throughout the Western Pacific. Transferred in July 1979 to the Marine Corps Logistics Base, Albany, Georgia, Captain Panter served as the Commanding General's aide-de-camp until 1982. Captain Panter then served as Inspector-Instructor for Headquarters & Service Company and Assistant Battalion Inspector-Instructor, 6th Engineer Support Battalion, Portland, Oregon until 1986. He was later assigned to Headquarters Marine Corps, Washington D.C. as an Acquisition Project Officer for engineer equipment.

In 1990 Major Panter was transferred to Okinawa, Japan and served as the Operations Officer and later as the Executive Officer for 3d Combat Engineer Battalion, 3d Marine Division. After being promoted to Lieutenant Colonel, he assumed command of the 3d Combat Engineer Battalion. While at 3d Combat Engineer Battalion he participate in Operation FIERY VIGIL, providing disaster relief assistance in the Philippines after the eruption of Mt. Pinatubo.

In 1993 Lieutenant Colonel Panter was transferred to United States Central Command, Tampa, Florida and served as the Branch Chief, Exercise Branch, Logistics and Security Assistance Directorate (J4) and also as the Humanitarian Assessment Survey Team (HAST) Chief.

During 1997 he was transferred to Naples, Italy, where he served as the Military Assistant and Senior Special Assistant to the Commander-in-Chief, United States Naval Forces Europe / Commander, Allied Forces Southern Europe.

In July 1998, Colonel Panter was transferred to United States Atlantic Command, Norfolk, Virginia were he served as the Deputy Chief and later Chief of the Current Operations Division, Operations Directorate (J3). During August 1999 Colonel Panter was transferred to the 2D Marine Aircraft Wing and served as the 2D Marine Aircraft Wing Inspector until assuming command of Marine Wing Support Group 27, which he commanded for two years.

From July 2002 until August 2003, Brigadier General Panter served as the Commanding General, Marine Corps Warfighting Lab in Quantico, VA and the Vice Chief, Office of Naval Research.

In September 2003 he assumed command of the 3d Marine Logistics Group. During this tour he commanded the Combined Support Group-Sri Lanka, Operation UNIFIED ASSISTANCE, which was responsible for U.S. military tsunami disaster relief assistance in Sri Lanka and the Maldives. Also during this tour, Brigadier General Panter deployed forces to Pakistan for earthquake disaster relief efforts as well as commanding the U.S. forces in Indonesia for earthquake disaster relief operations.

During August 2006 Brigadier Genral Panter was transferred to Headquarters, Marine Corps where he assumed duties as the Assistant Deputy Commandant for Installations and Logistics (Plans, Policy and Strategic Mobility).

From 2007 to 2009, Major General Panter served as the Commander, U.S. Marine Corps Forces Korea and Assistant Chief of Staff for Strategy and Plans, U/C/J-5, United Nations Command, Combined Forces Command, and United States Forces Korea.

Lieutenant General Panter is a graduate of the United States Army's Advance Engineer Officer's Course, the Marine Corps' Command & Staff College, the Naval War College and the Air Force's Air War College (non resident). He has a Master of Education degree in Secondary Mathematics and a Master of Arts degree in National Security and Strategic Studies.

Statement of

Major General Michelle D. Johnson, USAF

Director of Strategy, Policy, Programs and Logistics

United States Transportation Command

Before the House Armed Services Committee

On Sustaining the Force: The Challenges of Readiness

April 7, 2011

Chairman Forbes, Ranking Member Bordallo, and members of the subcommittee, thank you for the invitation to testify today on readiness issues. On behalf of General McNabb, I want to express United States Transportation Command's (USTRANSCOM) appreciation of this subcommittee's support for our Command and for the military men and women and DOD civilians who strive every day to protect our Nation and its interests.

As a supporting, functional combatant command with global responsibilities, the USTRANSCOM team is assigned responsibilities as the Department of Defense Joint Mobility Force Provider, Single Manager for Transportation, Single Manager for Joint Patient Movement and Distribution Process Owner in support of Joint Force Commanders worldwide. USTRANSCOM, coupled with its service components, military agency and commercial partners leads an enterprise of more than 145,000 members who operate the Defense Transportation System and synchronize DOD's global supply chain. We support operations that cut across the full range of military activities to include humanitarian relief and reconstruction efforts, coordinating the delivery of forces and sustainment materiel and bringing them home when operations are complete.

Since being designated Distribution Process Owner in 2003, USTRANSCOM has successfully improved overall efficiency and interoperability of distribution-related activities by coordinating and synchronizing deployment, sustainment and redeployment support during peace and war. To date, initiatives implemented with our enterprise partners have produced $5.2B in savings and cost avoidances. Our successful implementation of BRAC initiatives have achieved $1.2 billion in savings, reduced 470 manpower positions, and achieved a 20% reduction in contractors over a 20-year life cycle.

The key to success for USTRANSCOM and its Joint Deployment and Distribution Enterprise has been the readiness of our joint mobility capabilities. By integrating and synchronizing those capabilities in a deliberate manner we have been able to achieve an optimal balance between effectiveness and efficiency. USTRANSCOM can deliver and sustain the Joint Force anywhere in the world at anytime. Our ability to align the global supply chain is most evident in our performance over this past year, when in the face of an unprecedented series of world events and natural disasters, the USTRANSCOM team executed the President's directive to increase forces by 30,000 in Afghanistan and to drawdown forces to 50,000 in Iraq—a tremendous challenge. Whether delivering combat power to Afghanistan through logistics or humanitarian relief to the people of Pakistan, Haiti and Japan, our team kept promises and delivered on time, while generating significant savings through partnership, innovation and process improvement.

We depend heavily on our commercial partners through the Civil Reserve Air Fleet (CRAF) and the Maritime Security Program (MSP) to rapidly deploy forces and equipment at the best value to the taxpayer. Because of the incredible volunteer participation of our CRAF carriers and U.S.-Flagged vessels in the MSP, we did not have to activate any of the CRAF stages or a single ship in the Surge Fleet or the Ready Reserve Force (RRF) to meet the President's timeline for the surge and drawdown of forces in Afghanistan and Iraq.

Maintaining a modern military fleet of aircraft and vessels is critical to effectiveness and efficiency of the Department of Defense distribution capability. The support of Congress to execute modernization and recapitalization programs such as the KC-46A, the C-5M and the C-130J will undoubtedly pay great dividends to the air mobility mission. However, as we move forward, we face an aging fleet of ships in the RRF. In fact, we stand to lose 1.1 million square

feet, approximately seven percent, of Roll-on/Roll-off (RO/RO) ship capacity in the next ten years as RRF vessels "age out." One potential fiscally prudent solution is to purchase existing foreign-built, U.S. Flagged RO/RO ships which would represent a sevenfold savings over new construction of U.S.-built ships.

Even with a recapitalized fleet, a capability gap still exists between high-speed, low-capacity airlift and low-speed, high-capacity sealift. Emerging technologies such as joint high-speed vessels and hybrid airships represent innovative ways to fill that gap. USTRANSCOM is working with our service components and commercial industry to field new technologies that will allow us to deliver forces and sustainment materiel to the warfighter even more efficiently and effectively.

Our innovation does not end on the production line. As the distribution process owner, we continually leverage ingenuity and resources to improve operational and business processes. For example, over the past year, we have matured our multi-modal capability, moving large volumes of cargo and thousands of vehicles by sea to ports that are closer to the USCENTCOM area of operations, by truck from the seaports to nearby airfields and then by air to Afghanistan. Using the combination of air, land and sea modes of transportation resulted in increased velocity, better utilization of aircraft and ultimately reduced costs by almost $400M in 2010. Of course, such multi-modal operations are heavily reliant on proper infrastructure. In order to fully develop our multi-modal capability, we must continue to seek potential intermodal locations worldwide and invest in infrastructure at those locations.

Deliberate and innovative planning is the foundation of continued success. In September, 2010, the Vice Chairman of the Joint Chiefs of Staff's (VCJCS) tasked USTRANSCOM and the Defense Logistics Agency (DLA) to co-lead an effort to develop a comprehensive plan for DOD materiel positioning and distribution to support the full range of military activities. This Comprehensive Materiel

Response Plan (CMRP) will address DOD materiel positioning and distribution in the context of national defense strategy as represented in historical data, contingency plans, and future planning scenarios.

It is this type of comprehensive planning that allows USTRANSCOM and our partners to position ourselves to deliver in times of great operational and humanitarian need. To that end and upon the President's approval, we stand ready to assume the Unified Command Plan role of Global Distribution Synchronizer. This new role will afford USTRANSCOM the opportunity to apply integrated, end-to-end improvements across the entire Joint Deployment and Distribution Enterprise.

USTRANSCOM's mission is to get the warfighter to the fight, sustain them during the fight, and get them back home when the mission is complete - all while being responsible stewards of the taxpayers' trust and dollars. We continually examine our processes to improve our effectiveness and our efficiency to provide the warfighter the support needed as quickly as possible. The men and women of USTRANSCOM, our components and strategic and commercial partners are proud to provide critical support to those who answer the Nation's call every day. More than just a slogan, "a promise made is a promise kept," is the driving force that provides hope to those in the fight and exemplifies a sacred trust that we will deliver what the warfighter needs, where they need it and when they need it at the least cost.

BIOGRAPHY

UNITED STATES AIR FORCE

MAJOR GENERAL MICHELLE D. JOHNSON

Maj. Gen. Michelle D. Johnson is Director, Strategy, Policy, Programs and Logistics, U.S. Transportation Command, Scott Air Force Base, Ill. USTRANSCOM is the single manager for global air, land and sea transportation for the Department of Defense.

A distinguished graduate of the U.S. Air Force Academy in 1981, General Johnson completed graduate studies as a Rhodes Scholar before earning her pilot wings in 1984. She has served in various assignments in air mobility, airlift and tanker flying operations and training, academic instruction and personnel. She has commanded the 9th Air Refueling Squadron, the 97th Operations Group and the 22nd Air Refueling Wing. The general commanded a deployed air refueling squadron in Operation Southern Watch and an air refueling wing in support of operations Noble Eagle, Enduring Freedom and Iraqi Freedom. She has served as the Air Force aide to the President, an Assistant Professor of Political Science and Associate Air Officer Commanding at the U.S. Air Force Academy. She was also Director of Personnel for Air Mobility Command and Director of Air Force Public Affairs. General Johnson most recently served as the Deputy Director for Information and Cyberspace Policy on the Joint Staff.

General Johnson is a command pilot with more than 3,600 flying hours in C-141, T-41, KC-10, C-17, C-5 and KC-135 aircraft.

EDUCATION
1981 Distinguished graduate, Bachelor of Science degree in operations research, U.S. Air Force Academy, Colorado Springs, Colo.
1983 Rhodes Scholar, Master of Arts degree in politics and economics, Brasenose College, Oxford University, England
1987 Squadron Officer School, Maxwell AFB, Ala.
1991 Air Command and Staff College, by correspondence
1996 Air War College, by correspondence
1999 Master of Science degree in national security strategy, National War College, Fort Lesley J. McNair, Washington, D.C.
2002 National Security Management Fellow, Syracuse University, N.Y.
2005 Senior Executive Fellows Program, Harvard University, Cambridge, Mass.
2007 Fellow, Seminar XXI - Foreign Politics, International Relations and the National Interest, Massachusetts Institute of Technology, Cambridge

ASSIGNMENTS
1. October 1981 - May 1983, graduate student, Brasenose College, Oxford University, England

2. May 1983 - July 1984, student, undergraduate pilot training, Williams AFB, Ariz.
3. July 1984 - October 1984, C-141 initial qualification training, Altus AFB, Okla.
4. October 1984 - July 1989, C-141 instructor aircraft commander, wing plans officer, command post duty officer and squadron executive officer, 41st Military Airlift Squadron, Charleston AFB, S.C.
5. July 1989 - May 1992, Assistant Professor of Political Science, T-41 instructor pilot and Associate Air Officer Commanding, U.S. Air Force Academy, Colorado Springs, Colo.
6. May 1992 - June 1994, Air Force aide to the President, White House, Washington, D.C.
7. June 1994 - July 1998, KC-10 instructor pilot, flight commander, operations officer and Commander, 9th Air Refueling Squadron, Travis AFB, Calif.
8. July 1998 - June 1999, student, National War College, Fort Lesley J. McNair, Washington, D.C.
9. June 1999 - March 2000, Deputy Commander, 97th Operations Group, Altus AFB, Okla.
10. March 2000 - March 2002, Commander, 97th Operations Group, Altus AFB, Okla.
11. March 2002 - June 2002, National Security Management Fellow, Syracuse University, N.Y.
12. June 2002 - June 2004, Commander, 22nd Air Refueling Wing, McConnell AFB, Kan.
13. June 2004 - November 2005, Director of Personnel, Headquarters Air Mobility Command, Scott AFB, Ill.
14. November 2005 - March 2007, Director of Public Affairs and Deputy Director of Communications, Office of the Secretary of the Air Force, the Pentagon, Washington, D.C.
15. March 2007 - November 2007, Director of Public Affairs, Office of the Secretary of the Air Force, the Pentagon, Washington, D.C.
16. December 2007 - June 2009, Deputy Director for Information and Cyberspace Policy, Strategic Plans and Policy Directorate (J5), Joint Staff, the Pentagon, Washington, D.C.
17. July 2009 - present, Director, Strategy, Policy, Programs and Logistics, U.S. Transportation Command, Scott AFB, Ill.

SUMMARY OF JOINT ASSIGNMENTS
1. May 1992 - June 1994, Air Force aide to the President, White House, Washington, D.C., as a major
2. December 2007 - June 2009, Deputy Director for Information and Cyberspace Policy, Directorate for Strategic Plans and Policy (J5), Joint Staff, the Pentagon, Washington, D.C., as a brigadier general
3. July 2009 - present, Director, Strategy, Policy, Programs and Logistics, U.S. Transportation Command, Scott AFB, Ill., as a brigadier general and major general

FLIGHT INFORMATION
Rating: Command pilot
Flight hours: More than 3,600
Aircraft flown: C-141B, T-41C, KC-10A, KC-135R, C-5A, C-17A, T-37 and T-38

MAJOR AWARDS AND DECORATIONS
Defense Superior Service Medal with oak leaf cluster
Legion of Merit with oak leaf cluster
Meritorious Service Medal with oak leaf cluster
Aerial Achievement Medal
Air Force Commendation Medal
Air Force Achievement Medal
Combat Readiness Medal with oak leaf cluster
National Defense Service Medal with bronze star
Armed Forces Expeditionary Medal
Southwest Asia Service Medal with bronze star
Global War on Terrorism Service Medal

EFFECTIVE DATES OF PROMOTION
Second Lieutenant May 27, 1981
First Lieutenant May 27, 1983
Captain May 27, 1985
Major Oct. 1, 1991
Lieutenant Colonel Feb. 1, 1995
Colonel May 1, 1999
Brigadier General Jan. 2, 2007
Major General Aug. 2, 2010

(Current as of January 2011)

HOLD UNTIL RELEASED BY THE
HOUSE ARMED SERVICES READINESS COMMITTEE
READINESS SUBCOMMITTEE

STATEMENT OF

BRIGADIER GENERAL LYNN A. COLLYAR

DIRECTOR, LOGISTICS OPERATIONS

DEFENSE LOGISTICS AGENCY

HEARING BEFORE THE

READINESS SUBCOMMITTEE

OF THE

HOUSE ARMED SERVICES COMMITTEE

APRIL 7, 2011

Sustaining the Force: Challenges to Readiness

HOLD UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE
READINESS SUBCOMMITTEE

Statement of Brigadier General Lynn A. Collyar
Director, Logistics Operations
Defense Logistics Agency
Hearing before the House Armed Services Readiness Subcommittee
April 7, 2011

Chairman Forbes, Representative Bordallo, distinguished committee members, thank you for the opportunity to appear here today to discuss the Defense Logistics Agency's (DLA) mission in supporting our nation's warfighters. DLA directly supports the material readiness and sustainment of military equipment and weapon systems and the personnel who operate and maintain them worldwide. As DLA's Director of Logistics Operations, I am proud to represent the more than 27,000 men and women of the Agency and our Reserve forces. I've spent 3 of the past 8 weeks in the Theater, and I can assure you our servicemen and women and our civilian employees continue to perform superbly.

DLA Overview

As America's only combat logistics support agency, DLA exists for one purpose – to support America's Soldiers, Sailors, Airmen, and Marines. Today, DLA provides virtually every consumable item America's military forces require for combat readiness, emergency preparedness, or day-to-day operations. This includes food, fuel, medical supplies, clothing and textile items, construction and barrier materiel, and over eighty five percent of their weapons systems repair parts.

In fiscal year 2010, DLA provided more than $42 billion dollars in goods and services for our customers – primarily to America's Military Services. In executing our mission of providing effective and efficient support to the warfighter and our other customers worldwide, DLA is the end-to-end manager for eight supply chains (e.g., aviation, land and maritime, energy, and several troop support categories). We manage five million items and support more than 1,700 weapons systems. Every day, the Agency processes more than 55,000 orders from military customers and awards more than 10,000 contract actions in response to these orders. We have a

presence in 48 states and 28 countries. DLA also manages a world-wide warehousing operation, with 26 distribution depots located across the continental United States and at key sites overseas, including our expeditionary depot in Kandahar, Afghanistan, where we receive, store, and issue DLA and Military Service assets.

DLA is dedicated to ensuring we obtain best value for every taxpayer dollar in this fiscally challenging environment. By February of this year, DLA saved American taxpayers $175 million through long term contracting, aggressive negotiations with our suppliers, and systemic changes in our business processes. Additionally, DLA Disposition has reutilized more than $200 million in materiel and equipment to be made available to other Services. Resource efficiency and stewardship excellence are a major strategic focus at DLA. Our modernized logistics business processes enable real time information and readily accessible performance metrics. DLA works closely with the Services and the Combatant Commands, particularly U.S. Central Command (USCENTCOM), before and during the acquisition process to ensure their requirements are met effectively and efficiently. This end-to-end approach ensures logistics sustainability through the life of the systems we support. DLA also provides storage and warehouse management for items required by the Services. We are not satisfied with the status quo and are currently involved in a Secretary of Defense efficiency initiative to consolidate warehouses where it will improve efficiency and effectiveness. DLA is a key player providing support from contractors' factories to the warfighter, no matter where they serve. Our DLA Distribution Center coordinates movement of items directly with vendors or in partnership with U.S. Transportation Command (USTRANSCOM) to ensure on-time delivery. To facilitate the end-to-end process, DLA's responsibilities include stock positioning at forward locations and tactical distribution centers to enable faster delivery to the customer. DLA coordinates related decisions with the supported Combatant Commands ensuring we effectively meet all requirements in the most cost efficient manner.

Support to Ongoing Military Operations

All of DLA's supply chains are extensively involved in providing the full spectrum of logistics support to forces in both Afghanistan and Iraq. Early planning is key to the Agency's success, allowing continuous engagement with our stakeholders and the customers we support. This enables DLA to understand requirements and respond rapidly. For example, surge clauses in strategic contracts allow us to meet demand as operational requirements expand. While DLA continues to provide force sustainment in Afghanistan, we are simultaneously supporting the downsizing of the operational mission in Iraq and the Army's drawdown and reset mission. Today, DLA's primary role in support of Afghanistan is to source materiel to upgrade our forward operating bases, and to provide subsistence, fuel, construction materiel, and repair parts. In addition to supporting these commodities, distribution and disposition services remain key missions.

While the challenges of providing logistics support for all commodities in Afghanistan and Iraq are unique to each area, the DLA structure to provide support is similar. DLA Support Teams are forward extensions of the Agency located in Afghanistan, Iraq, and Kuwait. Each continues to provide us "eyes and ears" on the ground leveraging DLA's full range of capabilities, including our Enterprise Resource Planning (ERP) system, to support the warfighter, thereby translating "needs" into "requirements." Comprised of deployed military and civilian personnel from throughout the Agency, these teams identify and expedite sustainment requirements, while providing one face and set of processes to the customer for ease of use.

For subsistence, DLA provides support to dining facilities under a Prime Vendor (PV) contract. Recently in Afghanistan, our DLA Support Team worked directly with the PV contractor to increase its subsistence days to supply to meet increased requirements. PV arrangements allow for maximum flexibility to support changing customer requirements while providing best value pricing for commercial products.

Fuel support is also provided to operating forces in both Afghanistan and Iraq using a Prime Vendor concept of support with Free on Board destination contracts, which means we only pay for the actual goods received. Support to forces in Afghanistan is provided via a joint partnership with NATO. DLA Energy supports Regional Command – East and the Joint Forces Command-Brunssum (JFC-B) supports RC-South, West, and Central. Specific to Afghanistan, DLA Energy and JFC-B use contract reserves/storage to mitigate supply disruptions caused by weather, security, and border crossing issues along each ground line of communication (GLOC). Afghanistan has no refineries so all petroleum products are imported. Fuel is sourced from throughout the Southern Caucasus and Central and South Asian States (SC/CASA), as well as Pakistan and Russia, and transported to Afghanistan via rail car and truck.

Although the drawdown mission Iraq has not generated significant construction materiel requirements, the same cannot be said for Afghanistan. DLA is supporting the U.S. Army Corps of Engineers in Afghanistan with material required to build more than 650 buildings for the Afghanistan National Army and Police. DLA-procured steel for the Corps' initial projects have been sourced. We expect the Corps of Engineers to provide additional requirements and line items for sourcing in the coming weeks. These requirements will increase the amount of steel as well as add transformers, generator sets and voltage cables to the list of DLA-sourced material.

Similar to subsistence and fuel, DLA leverages the Prime Vendor model to support medical requirements. DLA Distribution employees provide customer value-added services by assembling new combat lifesaver kits that contain PV-supplied medical items like bandages, scissors, splints and gloves used to treat severely wounded soldiers.

Repair parts for weapon system support, including the MRAP All Terrain Vehicle – the M-ATV, is a particular area of emphasis for DLA. In the fall of 2009, DLA quickly postured itself to support the M-ATV now being fielded in Afghanistan. Currently, nearly 7,000 M-ATVs are on contract to support Operation Enduring Freedom and home station training. To date, over 6,760 M-ATVs have been fielded to protect our warfighters. Since the build-up in Afghanistan, DLA sent supply chain experts to the theater to conduct a top to bottom scrub for lines of operation for MRAP support. MRAP support teams from DLA Land & Maritime in Columbus,

Ohio, helped ensure swift delivery of spare parts for the M-ATV and earlier MRAP variants. The MRAP/MATV program managers acknowledged this hands on support as helping to increase MRAP readiness, and warfighters in the region are reporting high readiness rates. This is another example of DLA's critical effort to ensure sustained readiness.

DLA Aviation at Richmond, Virginia, is focused on aviation support to the fleet of helicopters that are an important means for getting supplies to troops in Afghanistan, where unimproved roads and steep terrain make it difficult to move equipment.

Inventory management and distribution remain DLA core competencies. Building on the success we experienced in developing a distribution center in Kuwait in support of Iraq, DLA established a similar forward deployed distribution center in Afghanistan, in coordination with USCENTCOM, to provide quick accessibility of supplies and to reduce the need for strategic airlift.

Historically, logistics support to Afghanistan was provided through Pakistan from the Port of Karachi through the Torkham and Chaman Gates. Today, the Northern Distribution Network (NDN) utilizes multiple lanes and modes and has expanded significantly since its inception in late 2008. This northern route provides necessary flexibility when the enemy, natural disasters, weather, or unplanned events impeded the flow of materiel along the Pakistan Ground Lines of Communication. DLA is a major user, booking more than 32,000 containers, equaling 72% of the total cargo that's traveled on the NDN. DLA worked with USTRANSCOM to move refrigerated Prime Vendor (PV) owned Class I using a truck routing in early 2010 and in the Fall of 2010 worked with EUCOM to add the Europe to Afghanistan (E2A) route originating from DLA's depot in Germershiem as part of the NDN. Additionally, DLA's efforts to procure locally in the Central Asian NDN countries aid the US strategic goals for the region.

In Iraq, DLA is extensively involved in on-scene support to the drawdown of forces. This is a multi-element undertaking. One effort is the redistribution of materiel to other theaters or the retrograde of materiel back to wholesale supply systems, and another is sustaining the readiness

of the shrinking force. Today, DLA is dealing with excess property and equipment associated with drawdown. A significant challenge is collecting, categorizing and determining need for materiel on closing bases. DLA ensures useable property is returned to the supply system, reused, or disposed as forces drawdown and bases are closed. DLA Disposition supports the Services in this unique undertaking. We are working with the Services to ensure serviceable materiel is returned to the supply system whenever possible. The proper demilitarization of unserviceable equipment and safe disposal of hazardous materiel remains a key focus area.

The joint community adopted a prioritized process for materiel disposition: consume (as far forward as possible); redistribute (to include retrograde or redeploy); transfer to the Government of Iraq; and then disposal. DLA initiated an Enterprise-wide Operational Planning Team that uses the Joint Operational Planning Process to develop DLA's approach to support the related Responsible Drawdown, Retrograde and Reset process. Specific focus areas include: disposal and reutilization requirements; depot capacity and workload requirements to support retrograde materiel; and the impact of materiel retrograde and reset on demand and supply planning.

DLA's disposal and reutilization capability in Iraq had to expand to support the increased volume of property that we expect to process through the drawdown period. DLA now operates four disposal sites in Iraq that support forward operating bases through sales contracts. Similar to our Afghan operations, two of the four sites support hazardous waste removal. Additionally, we support "clean sweep" operations routinely; a process whereby our Expeditionary Disposal Remediation Teams help units with property identification and segregation of materiel, scrap sales, proper turn-in procedures and coordination of scrap removal.

As forces in Iraq draw down, DLA is poised to adjust the supplies flowing to Iraq in order to ensure readiness of the force without contributing to the amount of excess materiel. Adjustments in procurement, based on changing demand patterns, are made as forces drawdown. Today, DLA is working closely with the Department of State to help plan their transition in Iraq. The State Department has asked for our assistance for supplies and fuel on a cost reimbursement

basis. Existing contracts will be leveraged for subsistence and fuel support until State Department contracts are established, ensuring uninterrupted support.

While disposition efforts are primarily focused in Iraq, we are leveraging lessons learned there to improve our operations in Afghanistan. DLA is taking steps to ensure we have the capacity to manage the disposal of unserviceable, excess, or surplus property. Currently, DLA has three fully functional DLA Disposition sites at Bagram Airfield, Kandahar, and Camp Leatherneck. Recently, U.S. Forces - Afghanistan requested DLA expand its mission to include assisting in the removal of hazardous material such as oil, lubricants, and batteries in Regional Command - South. USCENTCOM also asked us to expand our hazardous waste removal operations and we are working to refine this mission as part of our comprehensive strategy for DLA's footprint in support of USCENTCOM in their area of responsibility.

Response to Real World Contingencies

I appreciate this opportunity to also discuss DLA's ability to surge commodity support in response to humanitarian missions in Haiti and Japan, while simultaneously sustaining ongoing military operations. I will also address DLA's role in supply chain management and how we're postured to operate in a fiscally challenging environment.

First, let me discuss our role in Haiti. Lessons learned in past humanitarian support efforts, and DLA's interface and relationship with USTRANSCOM was critical to DLA's timely response to the Haitian earthquake disaster and our ability to quickly move $122 million dollars in relief supplies to support Operation UNIFIED RESPONSE in January 2010. DLA provided around the clock coverage throughout the crisis, resolving port handling issues with USTRANSCOM's Surface Deployment and Distribution Command and providing assistance to DOD Customers, the Federal Emergency Management Agency, and the U.S. Agency for International Development. Within 96 hours of notification of the earthquake, 12 DLA personnel from across the U.S. were airlifted into Haiti and prepared to render assistance. Our Operations Center monitored two DLA Support Teams in the area of operations, and for two months after the incident, DLA teams continued to report DLA actions for all classes of supply.

In the aftermath of Japan's earthquake and tsunami, DLA responded with enterprise-wide planning and preparation to support U. S. Pacific Command's (USPACOM) Operation TOMODACHI. On March 18, DLA directed its activities to move assets forward, including liaison capability, subsistence resources, clothing and textile supplies, bulk fuel, and medical materiel, to meet humanitarian assistance requirements. In the past two weeks, DLA supported USPACOM and the government of Japan with more than $1.25M in commodities delivering 64 tons of food, 20,674 gallons of water, and 317 pounds of medical supplies.

Supply Chain Management

Two key lessons from DESERT STORM strengthened and markedly improved the effectiveness of DLA's logistics and supply chain management: (1) increased collaboration among Combatant Commands, military services, and our industry partners; and (2) reliance on shared recurring, repeatable and measurable processes -- made possible by remarkable improvements in technology.

Following DESERT STORM, DOD realized the importance of agreed priorities, through end-to-end logistics synchronization. Embedding logisticians close to our front-line warfighters improves the supply system by providing them greater access to and knowledge and understanding of the environment in which our warfighters are operating. Additionally, establishing an in-theater distribution capability is unique to our current conflicts. After the first Gulf War, the "iron mountain" of excess supplies left in theater, in large measure, led to today's logistics methodology of demand planning and requirements-focused logistics support.

Today, the presence of industry partners inside the process provides greater supply flexibility, especially in fuel, subsistence, medical, clothing and construction items by arranging direct shipments from manufacturers, distributors and strategic suppliers through prearranged contracts that can include surge provisions. USCENTCOM, USTRANSCOM, the Military Services, and DLA work together to drive collaboration, which integrates all of the players in the end-to-end supply chain. This collaborative environment is needed to share ideas and coordinate plans to ensure the most timely and effective delivery of supplies to the soldiers, sailors, airmen

and marines in the theater. In no other conflict have we witnessed the level of supply chain collaboration that currently exists between the combat arms elements. DOD's logisticians and private industry work together to ensure successful warfighter support.

Today's collaborative, end-to-end business models even coordinate a range of reutilization options in the supply chain that redistribute and reutilize goods and property purchased with taxpayers' money, thereby avoiding disposal of a significant amount of usable supplies.

DOD's business systems provide improved tools to support effectiveness and guarantee delivery of the right item to the right place. By merging infrastructure and service-oriented architecture and data applications, the military now has access to common data, business services and information regarding storage and in-transit asset visibility, resulting in greatly improved customer support and inventory position.

The use of commercial best practices and continuous process improvement initiatives help shape today's logistics programs. In assessing performance, perfect order fulfillment is our primary metric of the supply chain in meeting customer requirements. This is a key factor in the success of the logistics system in supporting the warfighter. Fuel, food, water, clothing, construction and medical supplies are stocked forward and delivered by both contractors and military assets as soon as the materiel arrives in theater. The implementations of these logistics transformation initiatives have helped mitigate the problems in the stove-piped processes and inefficiencies of past conflicts. Tailored sustainment minimizes supply chain costs and results in across the board "smart" inventory reductions.

CONCLUSION

Mr. Chairman and members of the committee, in closing I want to thank you for your continued and unwavering support to America's servicemen and women. I am grateful for the opportunity to address DLA's strategy in supporting America's warfighters. DLA is confident it will succeed in meeting the challenges ahead. Our logistics support professionals, processes, and technologies are world class and enable us to anticipate and meet full spectrum requirements.

We are constantly mindful of our obligations to the American taxpayers and do our upmost to be good stewards of our resources and funding.

Our logistics efforts over the past 20+ years are key to successful execution of our mission. Without question, the overriding reason for the success is the skill, dedication and commitment of the men and women of the integrated logistics teams who break down organizational boundaries and work together to develop innovative solutions. While it's virtually impossible to compare today's combat logistics operations with past conflicts, the lessons learned contribute greatly to today's successful logistics operations. We will continue to learn from each mission and we will apply the lessons of past and current missions to enhance the logistics enterprise in the future

Chairman Forbes, Representative Bordallo and distinguished members of the committee, DLA will continue to provide responsive support to the men and women who serve our great nation around the world.

Lynn A. Collyar
Brig. Gen., U.S. Army, Director, Logistics Operations, Defense Logistics Agency (J-3)

Army Brig. Gen. Lynn A. Collyar is director of Logistics Operations at the Defense Logistics Agency.

Prior to assuming his current position, Brig. Gen. Collyar served as the 35th Chief of Ordnance for the US Army. He was promoted to his present rank on July 10, 2007. A native of Huntsville, Ala., he was commissioned a second lieutenant in the Ordnance Corps upon graduation from the U.S. Military Academy, West Point, N.Y., in 1979.

Brig. Gen. Collyar is a graduate of the Ordnance Officer Basic and Advanced Courses, the Command and General Staff College, and the Industrial College of the Armed Forces. He also holds a master's degree in National Resource Strategy from the National Defense University in Washington.

He was initially assigned to the 619th Ordnance Company, 72nd Ordnance Battalion, 59th Ordnance Brigade at Kriegsfeld, Germany. His positions included platoon leader, shop and tech supply officer, operations officer and executive officer. In 1983, Brig. Gen. Collyar was assigned as intelligence and operations officer with the 68th Transportation Battalion, 4th Infantry Division (Mechanized), followed by command of the 50th Ordnance Company (Self Propelled Ammo), Fort Carson, Colo.

In October 1986, Brig. Gen. Collyar returned to Europe to serve as division ammunition officer, the Division Support Command support operations officer and assistant division materiel management officer with the 8th Infantry Division (Mechanized) in Bad Kreuznach, Germany.

After completing the Command and General Staff College at Fort Leavenworth, Kan., he was assigned to the Office of Resource Management for the Deputy Chief of Staff for Logistics, the Pentagon.

In June 1991, Brig. Gen. Collyar joined the 25th Infantry Division (Light), Schofield Barracks, Hawaii, where he served as executive officer of the 725th Maintenance Support Battalion, followed by a stint as a division Plans and Operations Officer and Deputy Chief of Staff for Logistics. During the Division's deployment to Operation Restore Democracy in Haiti, he served as the deputy logistics officer, Joint Task Force 180.

Brig. Gen. Collyar then moved to Fort Bragg, N.C., in July 1996, where he served as executive officer/deputy commander of the 82nd Airborne Division Support Command. He then took command of the 189th Corps Support Battalion, 1st Corps Support Command, XVIII Airborne Corps at Fort Bragg. While in command, the battalion deployed to Central America, where he served as Joint Logistics Task Force Commander, Nicaragua, for Operation Strong Support.

In July 1999, he returned to the Resource Management Office of the Army Deputy Chief of Staff for Logistics at the Pentagon. After a year at the Industrial College of the Armed Forces at the National Defense University, he returned to the Pentagon in June 2001 as Chief, Initiatives Group, Army G8.

Returning to Germany, Brig. Gen. Collyar commanded the 29th Support Group, 21st Theater Support Command. While in command, elements of the unit deployed to various locations throughout the European and Central Command areas of operation in support of Operation Iraqi Freedom.

In June 2004, Brig. Gen. Collyar was Chief, Focused Logistics Division, Force Development, Headquarters Department of the Army G8, followed by his previous command at the Defense Distribution Center.

His personal awards include the Distinguished Service Medal, Legion of Merit with two oak leaf clusters, the Defense Meritorious Service Medal, the Army Meritorious Service Medal with silver oak leaf cluster, and the Army Parachutist Badge.

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING

APRIL 7, 2011

RESPONSE TO QUESTION SUBMITTED BY MR. FORBES

General COLLYAR. [The information was not available at the time of printing.] [See page 18.]

RESPONSE TO QUESTION SUBMITTED BY MS. BORDALLO

General JOHNSON. [The information was not available at the time of printing.] [See page 23.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

APRIL 7, 2011

QUESTIONS SUBMITTED BY MR. FORBES

Mr. FORBES. The budget contains a proposal to streamline logistics sustainment processes and optimize the Army's distribution, disposal, and transportation network in order to reduce your budget requirement by $600 million. Please discuss this optimization process and the implications should these savings not be fully realized.

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. How can we improve the core determination process?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. Among the Section 322 report's findings was that the Congress has poor visibility of the depot maintenance budget. How can we improve the reporting process to ensure Congress has the necessary information to provide oversight?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. Is there a formal process in place to nominate non-standard equipment for inclusion in Modified Tables of Equipment and subsequently Prepositioned Stocks? If not, are we bringing home equipment that does not meet an enduring need?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. Are there items that need to be removed from prepositioned stocks because they no longer meet mission needs?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. What are your plans to better manage limited-life medical prepositioned stocks to avoid expiration and waste?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. Please discuss your requirements for DLA. How are things working? Where do you see gaps, if any?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. Can you discuss your requirements for TRANSCOM? How are things working? Where do you see gaps, if any?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. Please discuss how we are using forward depot maintenance and theatre provided equipment (TPE). What are the challenges associated with this approach?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. What can be done to enhance the Northern Distribution Network?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. What impact would a delayed redeployment of the remaining U.S. forces in Iraq have on our logistics and maintenance enterprise? Are we poised or such a contingency?

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Mr. FORBES. In April of last year, the GAO identified several challenges facing the Department with retrograde of equipment from Iraq to include: unclear guidance on what non-standard equipment will be transferred to the Government of Iraq; the inability to fully identify its need for contracted services; and visibility over its inventory of equipment and shipping containers. What steps have you taken to improve the retrograde process? What steps have you taken to improve the process of transferring excess non-standard equipment to U.S. state and local governments?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. What steps are being taken to posture the depots for a post-reset environment? Are there adjustments to the statutory framework that need to be made?

General STEVENSON. [The information was not available at the time of printing.]

Mr. FORBES. How can we improve the core determination process?

General PANTER. [The information was not available at the time of printing.]

Mr. FORBES. Among the Section 322 report's findings was that the Congress has poor visibility of the depot maintenance budget. How can we improve the reporting process to ensure Congress has the necessary information to provide oversight?

General PANTER. [The information was not available at the time of printing.]

Mr. FORBES. Are there items that need to be removed from prepositioned stocks because they no longer meet mission needs?

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Mr. FORBES. What steps are being taken to posture the depots for a post-reset environment? Are there adjustments to the statutory framework that need to be made?

General JOHNSON. [The information was not available at the time of printing.]

Mr. FORBES. How is DLA supporting the Services and are you properly equipped to meet their logistical needs? If not, where are some of the shortfalls?

General COLLYAR. [The information was not available at the time of printing.]

Mr. FORBES. What are the top challenges associated with our supply chain? What is DLA doing to address these challenges?

General COLLYAR. [The information was not available at the time of printing.]

Mr. FORBES. What can be done to enhance the Northern Distribution Network?

General COLLYAR. [The information was not available at the time of printing.]

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